Alternative Financial Structures for Energy Infrastructure
What is a REIT?
Real Estate Investment Trust

75% of assets in real estate

75% of gross income rents from real property

95% of taxable income paid to shareholders

100+ minimum shareholders

< 50% of shares held by 5 or fewer individuals
IRS Private Letter Rulings and Guidance

- **Electric Transmission**
  - System is physically connected & functionally interdependent
  - Serves as a “passive” conduit; does not create or generate any signal or commodity
  - Each component is intended to serve indefinitely

- **Solar**
  - **Land Mounts Exit Wires**

- **Photovoltaic Modules (PV Modules)**

- **Pipelines**
- **Storage Tanks**
- **Offshore Platforms**
- **Railroads**

Safe harbor for other energy-related assets with “inherently permanent structures”
Basic REIT Structure  Electric Transmission & Distribution Assets

- Lessee must be unrelated to REIT
- REIT owns interest in HoldCo Partnership
- Holdco Partnership owns interest in OpCo
- OpCo owns Assets
- OpCo leases Assets to Unrelated Operator
- Lease is not based on Operator’s net profits