



MEMORANDUM

TO: ALL LEGISLATORS

FROM: WISCONSIN ENERGY BUSINESS ASSOCIATION

DATE: JANUARY 27, 2011

RE: BAN ON WIND DEVELOPMENT IN WISCONSIN (SS-SB-9/SS-AB-9)

The Wisconsin Energy Business Association opposes Special Session SB/AB 9, a bill that would mandate 1,800-foot setback distances between wind turbines and neighboring property lines. No other statewide regulation in the country imposes setback requirements of that length from property lines. The bill as drafted would layer the 1,800-foot setback requirement on top of the already strict standards embedded in the statewide wind siting rule adopted by the Public Service Commission (PSC 128) in 2010. There is not one live wind generation project in the state, including those that have already been permitted by local governments, that could comply with such a setback requirement if the Legislature adopts this bill.

Creating such an inhospitable permitting environment for large wind energy systems would have immediate detrimental consequences to the state's economy and well-being. These consequences include: (1) loss of in-state manufacturing, transportation, construction, and project maintenance opportunities; (2) loss of jobs in businesses directly or indirectly connected to wind energy development; (3) loss of project revenues to host landowners, neighboring residences, and local governments; and (4) increased dependence on both electricity imports and increasingly expensive out-of-state fossil fuel sources.

Recently, the Wisconsin Realtors Association (WRA) circulated a memorandum in support of the proposed *de facto* ban on windpower development in Wisconsin. The WRA memo presents a highly distorted and at times inaccurate view of the wind siting debate, especially relating to economic impacts. The Wisconsin Energy Business Association takes this opportunity to respond to the distortions and unproven claims in that document and present a more accurate picture of wind energy's contribution to Wisconsin's economic health and well-being.

1(a). There is no credible evidence that existing wind development in Wisconsin has depressed property values in Kewaunee County. Wisconsin Public Service Corporation (WPS) and Madison Gas & Electric (MGE) own and operate two of the oldest commercial wind projects in the United States. Placed in service in June 1999, these two projects are located within four miles of each other in the Kewaunee County townships of Lincoln and Red River. Over their 11½ years of operation, the Kewaunee County projects have been a rich source of data for several studies examining the impacts of wind generators on nearby property values. One study, conducted by the Illinois firm of Poletti and Associates, was published in March 2009. Employing a conservative methodology to filter out the effects of related party sales and utility purchases, the Poletti study concluded that the presence of wind turbines had no statistically significant effect on sale prices of small, medium, or large tracts, nor on the sale prices of single

family homes. Moreover, a number of new houses have been constructed in proximity of the MGE and WPS projects. Source: <http://www.wiwindinfo.net/studies/Poletti%20Study.pdf>.

Indeed, between 1999 and 2010, eight new houses were constructed within one-half mile of WPS's Lincoln project, and seven new houses were built between one-half-mile and one mile of the same installation. Source: Joe Jerabek, Zoning Administrator, Lincoln Township.

1(b). There is no credible evidence that existing wind development in Wisconsin has depressed property values statewide. Of the state's 316 commercial wind turbines, 168 are located in Fond du Lac County, 85 in Dodge County and 31 in Kewaunee County. According to data compiled by the Wisconsin Taxpayers Alliance on property values and levies, total equalized valuation in Wisconsin peaked in the 2008/09 reporting period (\$498,431,959,545), and has declined by 3.7% in the ensuing two years (\$480,629,166,495). Yet equalized valuation in the three counties with the most wind turbines outperformed the statewide average. In the case of Fond du Lac County, equalized valuation actually **increased** by 1.2% during that time, while Dodge and Kewaunee counties managed smaller declines than the statewide average during that period (2.7% and 2.4% respectively). Source: <http://www.wistax.org/facts>.

1(c). The WRA's property value study contains several methodological errors and weaknesses that greatly reduce its value. To support its contention that wind turbines can lower residential property values by as much as 40%, WRA relies on a 2009 study that was introduced in the Public Service Commission's Glacier Hills Wind Park proceeding (6630-CE-302). However, there is much in that study that does not stand up to scrutiny, including:

- Extremely limited data samplings;
- Limited time window following project completions (12 months);
- Comparing 2009 values (a bust year) with 2005 values (a boom year) without adjusting for vastly different macroeconomic conditions;
- Comparing unimproved properties with improved properties; and
- Comparing interior properties with properties with views of Lake Winnebago.

In contrast to the rushed nature of the study cited by WRA, data from the *Poletti* study captures seven years' worth of property sales. Moreover, in its comparison of property sales between the target area and the control area, the *Poletti* study, unlike the study cited by WRA, filters out the variables that can greatly affect sale prices.

2. WRA's discussion of windpower's impacts on commercial and residential construction is wholly one-sided and overlooks the benefits from building energy-producing systems on rural land. In its memo, WRA casts the economic impacts of windpower development strictly in terms of lost jobs and tax revenues accruing from diminished construction activity. As shown by the level of home-building in proximity to the Kewaunee County wind projects, this is a false dichotomy. Wind turbines do not preclude the construction of nearby buildings. Moreover, WRA's formulation fails to acknowledge any part of windpower's well-documented benefits to the building industry, as well as to rural landowners and governments, manufacturers, transportation businesses, and consulting engineers.

The following is a sampling of positive economic impacts from commercial wind development.

- Wisconsin's largest wind generation facility, We Energies' 88-turbine, 145-megawatt Blue Sky Green Field installation generated about 400,000 job-hours of construction activity.

That figure is likely to be eclipsed by We Energies' newest project, the 90-turbine, 162-megawatt Glacier Hills installation in Columbia County, which will begin operation later this year. Combined, both projects represent about \$700 million in capital investment and will account for about 850,000 job-hours of construction work.

- The counties and towns hosting Wisconsin's four largest operating windpower installations—Blue Sky Green Field, Forward Energy Center, Cedar Ridge and Butler Ridge—receive more than \$1.5 million in payments in lieu of taxes each year. These same governmental units receive additional compensation for hosting the transmission-related infrastructure associated with the wind generation. Landowners hosting the 251 turbines in these projects receive more than \$1.2 million per year combined. All told, these four wind projects pump more than \$3 million annually to local governments, host landowners, and neighboring residents.
- A number of Wisconsin companies directly participate in the construction of in-state wind projects. The entities include *Boldt Construction* (Appleton), *Michels Wind Energy* (Brownsville), *The Manitowoc Companies* (Manitowoc), *Tower Tech* (Manitowoc), *Wausaukee Composites* (Wausaukee and Cuba City), *RMT WindConnect* (Madison), *Edgerton Contractors* (Oak Creek), *Hooper Construction* (Madison), *Sanderfoot Wind and Excavating* (Appleton), and *Wondra Construction* (Iron Ridge). Among Wisconsin participants in the global supply chain are *Aarrowcast* (Shawano), *ABB* (New Berlin), *American Superconductor* (Middleton), *Avanti Wind Systems* (New Berlin), *Bassett Mechanical* (Kaukauna), *Strohwig Industries* (Richfield), *Magnatek* (Menomonee Falls), and *Merit Gear* (Antigo).

3. WRA's characterization of the rule's promulgation is inflammatory and untrue. The siting rule promulgated by the Public Service Commission in December 2010 is the culmination of two uninterrupted years of fact-finding, technical hearings, public hearings, preparation of an Environmental Impact Statement (EIS) on what will become the state's largest wind energy facility, and advice from a 15-member advisory body created by statute. The evidentiary groundwork for the siting rule started with the Glacier Hills Wind Park proceeding. From the beginning, the PSC reviewed We Energies' application with the understanding that its decision would have implications for future wind proceedings, including dockets to establish rules for wind projects under 100 MW. The agency sought in May 2009, and received in June 2009, an extension of the 180-day review period to 360 days. As the agency reviewed the application, it built a comprehensive record on all the issues that would later emerge in the wind siting docket (1-AC-231). An EIS was prepared to expand the agency's understanding and knowledge of such issues as sound, shadow, property values, and groundwater. One group opposed to Glacier Hills, the Coalition for Wisconsin's Environmental Stewardship (CWEST), received intervenor compensation to underwrite the submittal of testimony on sound and property values.

The PSC's management of the wind siting rulemaking proceeding (1-AC-231) was similarly deliberative and inclusive. Kicked off two months before the Commission order on Glacier Hills, the rulemaking docket was structured to provide the Wind Siting Council sufficient time to review the issues and formulate recommendations to the PSC. Agency staff worked diligently to support the Council, which met over 20 times before issuing its report to the PSC in August. In June Commissioners attended public hearings in Tomah, Fond du Lac, and Madison. Between the Commission staff's draft rule, the Siting Council's recommendations, and the Glacier Hills order, the PSC had before it several well-digested proposals from which to select policy options for incorporation in the new rule.

As indicated in the following chronology, the PSC started wrestling with the wind siting issue in early 2009. From that point forward until December 2010, it built up a record on both proceedings that could be considered encyclopedic. To describe the PSC's deliberations in these proceedings as "ramming" is a cheap shot that is completely contradicted by the evidence.

History—Two Full Years of Deliberation on Wind Siting Issues:

- We Energies files an application to build the Glacier Hills project on October 2008. The CPCN application was deemed complete in January 2009.
- A joint legislative hearing was held May 2009 on a bill (SB 185) directing the PSC to establish uniform permitting standards for wind energy systems.
- The PSC decides in June 2009 to prepare an EIS. The draft EIS was issued in July and the final EIS was issued in September.
- Governor Doyle signs Wisconsin 2009 Act 40 into law on September 30, 2009.
- Technical hearings are held on Glacier Hills in November 2009. In the same month, the PSC initiates the wind siting rulemaking proceeding (1-AC-231).
- The PSC approves Glacier Hills in January 2010.
- In March 2010, the PSC convenes the first meeting of the 15-member Wind Siting Council required under Act 40 to make recommendations to implement the legislation.
- The PSC issues draft siting rule in May 2010, triggering a 45-day comment period.
- The PSC holds three public hearings on the draft rule in June 2010.
- The Wind Siting Council submits its report in August 2010 to the PSC.
- In August the PSC issues its decisions on the rule's contents over the course of four open meetings. The rule (PSC 128) is sent to the Legislature for review.
- The Senate Energy and Utilities Committee holds a hearing on the rule. After the hearing, it sends a letter to the PSC requesting changes to the rule.
- The PSC makes changes to the rule on December 9, 2010, and sends the rule back to the legislative committees, which took no action on the rule. PSC 128 is set to take effect March 1, 2011

4. A longer setback distance is not necessary given PSC 128's strict regulation of sound and shadow. In structuring wind siting rules, an agency has the option of pursuing two different pathways to ensure adequate protection of public health and safety. One way to accomplish that objective is through setback distances. The other pathway involves strict regulation of the physical impacts of wind energy systems. In the case of PSC 128, the maximum allowable nighttime sound (45 dBA) and the maximum allowable duration of shadow (25 hours per year) are very strict relative to statewide standards promulgated elsewhere in the United States. In addition, PSC 128 enumerates a number of measures available to a local government to use when a turbine's impacts exceed the thresholds. Among the remedies that a developer could be required to employ is curtailment of the turbine in violation. Because curtailment results in loss of income, it is a remedy that all project owners will strive to avoid at all costs.

It is the combination of stringent sound and shadow standards coupled with tough penalties for noncompliance that makes PSC 128 a formidable rule of which no prudent developer would want to run afoul. The approach taken by the PSC ensures adequate protection of public health and safety. Thus, there is no justification based on public health and safety to extend required setback distances beyond what is provided in PSC 128.