

State Must Encourage Wind Energy Growth, Officials Say

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South Dakota can become a world leader in wind energy, but the state needs to take steps encouraging growth, industry leaders said Monday.

U.S. Sen. Tom Daschle (D-S.D.) held the conference call bringing together wind-energy leaders and reporters from around the state. Wind-energy meetings are under way in six towns around the state, including last Thursday's meeting in Freeman.

Technology has allowed wind energy to become very competitive and accessible, Daschle said Monday. Wind energy can surpass ethanol as a boon to the state's farmers, he said.

"Wind energy is more of an economic and agricultural issue than an energy issue. South Dakota could produce a very significant percentage of all the energy that all our country needs," he said.

"Within 20 years, farmers and ranchers will be asked not only how much land they have, but how much wind they have."

The renewable-fuel standard now in Congress' conference committee calls for tripling the use of renewable fuels in 10 years, Daschle said. South Dakota can take advantage but needs to act soon, he said.

"My concern is that, if we don't seize this opportunity soon, it will be lost to other states who are already ahead of us," he said.

Daschle's sense of urgency is shared by Steve

Scott of Diversified Energy Services (DES) in Gary. Together with its partner company, Energy Management Services, DES is one of the nation's leading independent providers of services to the wind industry.

South Dakota must help small producers who can retain profits rather than rely on major projects which can take years to develop, Scott said.

"South Dakota is in an extremely unique situation where you have a multi-billion dollar industry knocking on the door and wanting to get into the state," he said. "It's up to elected officials to find the key to open the door to let the industry in."

South Dakota must take three steps to compete in the wind-energy industry, Scott said:

Reduce the state property tax burden, falling in line with North Dakota and Minnesota.

"South Dakota is 3 to 5 times too high right now," Scott said. "When you are talking \$100 million development, those small percentages, like 2 to 5 percent, add up to a high amount."

Adjust the state's 2 percent excise tax and 3 percent sales and use tax.

Resolve Amendment 'EE', the state restrictions on corporate farming, which was ruled unconstitutional and has been appealed.

"Until those waters are clear, no developer is going to move forward on projects," Scott said.

South Dakota ranks fourth nationally in wind-energy potential but could move up with bet-

ter wind-monitoring efforts, said Jamie Steve of the American Wind Energy Association (AWEA). For example, the James River Valley has been upgraded from a Class 3 wind area to the highly favorable Class 7.

"Landowners ... tell us (wind energy is) good for the environment, but more important, it's a giant 401K, a retirement nest egg on my property, pulling in \$3,000 to \$4,000 per machine per year," Steve said. "The contract duration is usually 20 years, so it's good money when you are having a hard time with commodity prices."

South Dakota has taken initial steps with wind energy, said Miner County Commissioner Dave Gassman.

The town of Canova recently held a ribbon cutting for the community's first wind turbine, slated to be operational within weeks. Energy from the turbine will be sold to Xcel Energy. Canova will receive a credit back from Xcel for the energy produced by the turbine.

The turbine is located on Gassman's land, but he will receive just \$1 a year for the use of his land. EMS is leasing the turbine to the town.

Wind energy would provide a valuable, stable income source during the current drought or during flooding, Gassman said.

"Regardless of the quality of the land, the wind blows over it ... If we could get development like this on a great scale, it would make South Dakota farms more sustainable," he said.

South Dakota could follow the example of Danish farmers, said Leif Anderson of NEG Micon. This Danish company, one of the world's leading suppliers of wind turbines, has installed about 20 percent of wind power capacity worldwide. NEG Micon has been involved in a number of wind energy projects in Minnesota.

"There are two different ways I see farmers involved -- as the landlord of large scale wind projects like we see in Minnesota, or the Danish way where farmers are involved in ownership of turbines," Anderson said. "With the current structure, the system is for large investment only."

South Dakota holds vast potential for wind energy, said Randy Udall of the Community Office for Resource Efficiency (CORE). CORE works closely with Holy Cross Energy, a rural-electric utility serving 40,000 customers in Colorado. Holy Cross leads the U.S. in the percentage of its customers who buy wind power.

"The Dakotas' wind resource is not just a river of energy but as an ocean of energy moving west to east across the state," he said. "It's not just the best wind source in America, it's one of the best in the entire world."

The wind-energy effort rapidly gains momentum, Udall said. "After getting the first few turbines in the ground, it seems to begin cloning themselves."

While large wind-energy firms have said South Dakota lacks the needed transmission lines for their operation, Scott said the state can benefit by starting small.

"If you are talking 3,000 megawatt projects like Rolling Thunder, and you need 2,000 wind turbines, the power generated needs its own beefed-up transportation system. But we have the capacity within South Dakota right now for small projects of 50 to 350 megawatts," he said.

"South Dakota needs to focus on smaller developments, so when a large process like Rolling Thunder and Turkey Ridge come along, South Dakota is prepared and ready to move forward."

South Dakota's needs are best met by starting small and then building up its infrastructure, said Jim Caldwell of the AWEA. "If you think about economic development in South Dakota, I don't think you need much larger than 200 to 300 megawatts," he said.

The Midwest states need a joint effort to become successful with wind energy, Caldwell said.

"It doesn't do us any good to get power to the (state) border if we can't take it from the border to elsewhere," he said. "We need to turn the transmission system backwards. Instead of making the system distribute to rural from central locations, we need to think exactly the opposite."

"We need to begin moving on the larger transmission issues now while we can take advantage of the short term."

The nation also needs to rethink its energy infrastructure, such as possibly changing the Western Area Power Administration (WAPA) to handle wind as well as water, Caldwell said.

Other states have seen great economic growth through

wind power, Steve said.

"Texas last year saw over a \$1 billion from the wind industry," he said. "They had 900 megawatts of new power go on line in Texas last year, and it could happen in South Dakota."

Elected officials need to see tax changes as good business and not as a subsidy, Scott said.

"We are not asking for a cash donation from South Dakota. We are asking them to restructure the tax structure so it is competitive," he said.

"South Dakota has choices to make. The fact remains that we have nothing unless we have something ... It's insane for the State of South Dakota to expect a change in rural economic affairs until we make some changes."

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