

# Investing in Wind Power

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HOWARD - A new economic study demonstrates that investing in renewable energy and energy efficiency could create 3,800 new jobs and \$275 million of economic growth in South Dakota by 2020, a spokesman for the Environmental Law and Policy Center said Thursday.

SOUTH DAKOTA PUBLIC Utilities Commission Chairman Jim Burg, left, discusses wind energy with Steve Scott, vice president of business development for the Energy Maintenance Services, Inc., of Howard. Behind are two EMS wind turbines.

The challenge is finding accessible transmission lines to transport the valuable resource and to get lawmakers to pass federal and state laws providing tax credits, said Hans W. Detweiler, who is a policy advocate for ELPC.

Also needed, he said, were renewable energy standards that would allow developers to build wind turbines to produce the energy.

"Without that (energy standards) you are not going to see this level of development," said Detweiler. "Part of our purpose is to encourage power makers to move down that road."

Jim Burg, chairman of the South Dakota Public Utilities Commission, said the state needs to change laws that can help wind developers be competitive.

"So far," he said, "we have not been able to accomplish that."

The Environmental Law and Policy Center, a renewable energy advocacy organization, released a report during the press conference Thursday at the Energy Maintenance Services, Inc. The document says South Dakota could produce about 2,900 megawatts of wind generation through a series of wind turbines throughout the state. Each megawatt provides enough power for 300 to 400 homes.

The report is based on setting renewable energy standards of 8 percent by 2010 and 20 percent by 2020. Renewable energy standards dictate that a certain percent of energy must be produced through other sources such as wind power, solar power and biomass.

Currently, an energy bill is stalled in Congress that would set renewable energy standards. The Senate has passed a bill that would require states to set a renewable energy standard of 10 percent by 2020. The House has not passed that sort of legislation. Supporters are hoping Congress will pass an energy bill in November.

Detweiler said consumers would see a 3.4 percent increase in electricity prices, meaning that a \$50-a-month bill would rise to \$51.75, if the standards reached 20 percent in 2020.

Detweiler said that in the short term, construction jobs would be needed to build the wind turbines, but long term, there would be ongoing maintenance jobs. For every 50 to 100 megawatts of wind power, 10 people are needed to maintain equipment. Wind energy also provides more money for the local economy and an increase in property tax base. One example Detweiler gave came from a 80-megawatt wind farm in Iowa, which he said

contributes more than \$450,000 to the county tax base each year.

The announcement was made at EMS in Howard because the company has been active in renewable energy development in the past two years. EMS provides maintenance and service work on wind turbines.

"They're exactly the kind of business we're talking about," said Detweiler. "They're a small business right now. But they have tremendous growth opportunities."

EMS was first incorporated in Marshall, Minn., in 1998 and started with one employee. It wasn't until April 2000 that the company started generating revenue. In September 2000, the business relocated to Gary. There were nine employees at the time and a year later, that number increased to 17. Today, there are 39 employees, including six who work in Miner County.

Burg said taxes and transmission issues are also stopping wind developers from entering South Dakota.

Burg said the state's 2 percent contractor's excise tax on engineering projects in South Dakota makes it challenging for industries, like wind energy, because of huge upfront cost. A developer with a \$1.5 million turbine would have to pay a \$30,000 tax before they even turn the blades, said Burg.

"That's one no other state pays," he said.

Burg also said that the state's property tax laws make it difficult for wind developers to generate cash flow.

For the past two years, Burg and others have tried to convince the state Legislature to change the laws.

"I think they will address the property tax issue," he said.

Transmission is another issue and an issue that impacts all energy suppliers.

"Most of the transmission lines we see coming from the (Missouri River) are full," said Burg. "Developers are saying we will make the investments to put in the wind but we don't know how we can get permission to go across private lands with these transmission lines. We are going to need to do some things as a state."