

Study finds \$600 million lost from stalled Vermont energy projects

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BRATTLEBORO -- Delayed energy projects in Vermont are costing the state's economy roughly \$600 million and thousands of jobs, according to a study by a national chamber organization.

A March 10 release from the U.S. Chamber of Commerce reports five stalled projects in the Green Mountain State are causing Vermont to lose \$600 million in its gross domestic product, as well as 2,100 jobs annually.

The study, titled "Project Denied: The Potential Economic Impact of Permitting Challenges Facing Proposed Energy Projects," estimates the possible investment and employment loss of 351 developing projects in 49 states. Half of them were identified as renewable energy projects. The study concludes the postponement or cancellation of those energy projects were caused by a broken permitting process, NIMBY (Not In My Back Yard) activism and a system prone to ongoing lawsuits by opposition groups.

Some would create jobs

"These are projects that would create jobs in Vermont and give a much-needed boost to the state's economy, but with every day that passes, the more expensive the projects become," said William

Kovacs, senior vice-president of Environment, Technology and Regulatory Affairs at the chamber, in a statement. "In most cases, if the projects are substantially delayed, they won't be built."

Study results were based on estimates of annual jobs created, earnings and economic output from TeleNomic Research -- an economic and marketing survey research firm --based on U.S. Bureau of Economic Analysis multipliers. The purpose of the first-of-its-kind survey is to provide an inventory of energy projects facing delays and cancellation due to regulatory inefficiencies and the legal process.

Five of the 351 were projects in Vermont, including the Glebe Mountain Wind Energy Project on Magic Mountain in Londonderry. While other states have coal, nuclear,

natural gas or transmission projects on hold, all five of Vermont's listed delays are at wind power sites. Only the Glebe Mountain project is officially slated as a "dead" prospect.

Another, the East Haven Wind Farm, is currently suspended. And with the Public Service Board (PSB) and Vermont Agency of Natural Resources (ANR) listed in opposition, the project is not likely to move forward.

The other three wind projects are in progress, but with opposition in the immediate area:

- * The Deerfield Wind Project, proposed on U.S. Forest Service land near the existing Searsburg turbines, was opposed by ANR and a number of advocacy groups because of aesthetic and environmental concerns. Last September, it received a PSB permit with construction expected to begin next year.
- * Vermonters in Milton and Georgia have voiced opposition to a \$21.4 million project on Georgia Mountain. The PSB gave a certificate of public good in June 2010, but issued 32 conditions for the developer.
- * Residents around Sheffield filed appeals to a 16-turbine wind farm after the project received approval from the PSB in August 2007. The Vermont Supreme Court upheld the permit two years later and the developer broke ground in September 2010.

"In going through the study, the results were simply startling," said Peter Morici, a former economist with the International Trade Commission. "We anticipated the impact all the projects collectively would have on jobs and the economy. But the real surprise was how positively Vermont could be affected if it moved forward on just one or two projects."

A collective review

Bryan Goettel, senior manager of media relations for the chamber, said the study does not advocate for any particular project over another, but intends to collectively review the barriers they face in each state.

"This is simply to show how broken the permitting process is and how urgent the need is to fix that so we can create jobs in the country and get our economy moving forward again," he said. "If we want to get any energy projects built, there's going to have to be some sort of action taken."

However, statewide organizations have indicated Vermont's rigorous permitting process has served the state well in most respects.

"Many would say the regulations have been perhaps so strict as to prevent the robust growth of clean renewable energy sources in the state, and I think that deserves a look as an issue. But by and large, nobody wants to remove important environmental regulations, even to boost needed energy projects here," said Paul Burns, executive director of the Vermont Public Interest Research Group (VPIRG). The nonprofit is the largest consumer and environment advocacy organization in the state.

"This is one of the most difficult states, certainly in our part of the country, for getting a wind project built. It's a very expensive and time-consuming process, so many wind developers have looked to surrounding states in order to build this resource," Burns added. "Ultimately, that's not good news for Vermont either. I think we need to strike the right balance."

Supporters of Vermont's wind projects are optimistic about the future of the renewable energy source with first-term Democratic Gov. Peter Shumlin. Former Gov. James Douglas was not supportive of turbines and the administration constantly put up obstacles to wind development. "We may be close to the end of the debate over wind. The question is a balance of size and scale. The state clearly values renewables and we need to make decisions about where, when and the size of these projects," said Rep. Sarah Edwards, a Progressive/Democrat from Brattleboro and a member of the House Natural Resources & Energy Committee.

"As far as a broken permitting process, that is debatable. Our environmental laws have served us very well as we try to balance our economic and environmental goals. Our environment is a tremendous economic asset and should not be dismissed or underestimated," she added.

But fellow energy committee member Michael Hebert, a Vernon Republican, said these projects certainly will provide jobs and economic benefit to the area in which they are located in the short-term. However, the energy produced by wind generation is not base load, expensive and the sustained number of jobs is low. Also, these projects receive large tax credits, which remain in place for as long as 20 years, he added.

"Examine the first project listed, Georgia Mountain, \$21.4 million project generating up to 12 megawatts of power. (Some estimates are that wind generators in Vermont are

will only produce energy 20 percent of the time). The permitting and construction phases of the project are expected to create 62 jobs. Operation of the facility will create 2 jobs," he said.

"The other projects listed vary in size and energy produced but the results are the same, high cost energy and short term employment.

The concerns about aesthetics, high price energy, lack of sustained employment numbers and the impact on the environment, makes one ask if they are worth the short term gain."

Vermont should expand its renewable energy generation portfolio, but also must concentrate on renewable generation that is base load and at a price significantly less than wind generation currently is, according to Hebert.

Vermont's five stalled projects seem minor when compared to neighboring states.

The chamber study reports New Hampshire has lost an estimated \$1.7 billion in total economic output and an average of 3,800 jobs per year with its four delayed projects. New York's 19 delayed projects are costing the Empire State economy \$36.2 billion and more than 62,000 employment opportunities.