

Saving Coal or Eliminating Jobs? The High Cost of Local Anti-Wind Ordinances

Lucas Franco, PhD
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Until recently, North Dakota's wind energy economy was booming. North Dakota ranks ninth in the nation in net generation from wind energy, and in 2019 wind energy provided approximately 26.8% of power generated in the state.¹ Wind investments have contributed an estimated \$6.9 billion in capital investments through 2019, \$12 million in annual state and local tax payments and \$22 million in annual land lease payments.

Unfortunately, North Dakota's wind energy industry faces an unprecedented threat. County commissions and zoning authorities have recently enacted ordinances to block new wind development that are well-intentioned but ultimately misguided.

The ordinances are clearly intended to protect coal-fired electric generation that supports thousands of middle-class jobs and powers local economies. Unfortunately, it is becoming clear that such policies have already cost the state hundreds of local jobs and tens of millions of dollars in lease and tax payments, while doing nothing to slow the retirement of plants like Great River Energy's Coal Creek Station.

Mercer County recently followed the lead of McLean County by adopting a moratorium on the siting of wind energy facilities.² I estimate that similar policies adopted by McLean County have already cost central North Dakota hundreds of job opportunities, resulting in a \$32-\$46 million loss of construction payrolls and associated economic activity, not to mention millions of dollars in lost tax revenue and lease payments to landowners. The Mercer County moratorium can be expected to have similar impacts, including eliminating potential economic benefits associated with the proposed Garrison Butte Wind farm, unless county officials change course.³

To better understand the consequences of the McLean County wind moratorium and the proposed moratorium in Mercer county, I have analyzed the likely economic impacts of these decisions.⁴

¹ American Wind Energy Association, "Wind Energy in North Dakota," available here: <https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf>

² Daniel Arens, "Wind moratorium hearing set for next week," The Beacon, June 25, 2020, available here: <https://www.bhgnews.com/newspapers/beulahbeacon/beulah-beacon-news/wind-moratorium-hearing-set-for-next-week/>

³ Summary of Capital Power's Garrison Butte Wind farm available here: <https://www.capitalpower.com/operations/garrison-butte-wind/>.

⁴ The economic impact model is based on previous work by Katie Hatt and Lucas Franco in "Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms," North Star Policy Institute, June 2018, available here: <https://northstarpolicy.org/catching-the-wind-the-impact-of-local-vs-non-local-hiring-practices-on-construction-of-minnesota-wind-farms>. Please contact the author, Lucas Franco, at lfranco@liunagro.com or (612)850-8755 with additional methodological questions.

The Impact of McLean County's Wind Moratorium

- Great River Energy (GRE) had planned to develop upwards of 600 megawatts (MW) of wind energy capacity to replace energy production from the Coal Creek Station facility in McLean County.⁵
- Due to the wind moratorium, GRE now plans to develop new wind energy facilities in Minnesota instead of North Dakota.
- New wind energy development could have created an estimated 600 full-time equivalent construction jobs.
- Based on GRE's plans to prioritize employment of local construction workers, I estimate that resulting jobs would have generated \$36-\$44 million in local economic activity.

The Potential Benefit of Wind Energy Development to Mercer County

- Mercer County could benefit from the wind development boom in North Dakota.
- The proposed Garrison Butte Wind farm is projected to create an estimated 150 construction jobs, generate millions of dollars for local landowners, and contribute millions more in local tax revenue.
- Each wind construction job held by a local worker can be expected to generate roughly \$54,000 in direct spending, and \$93,000 in total economic activity as payroll spending circulates through Mercer County and surrounding areas.
- If a majority of workers on the Garrison Butter Wind project were local residents, project construction payrolls could generate an estimated \$9-\$11 million in total economic activity within the region.
- When retirement benefits are included, the long-term impact of construction payrolls rises to \$11-\$13 million in aggregate economic activity.

North Dakota's economy has thrived because the state has historically embraced an 'all of the above' approach to energy policy. Regulators have resisted restrictions on new technologies and new resource exploration, creating a dynamic environment for innovative energy production. Unfortunately, the growing embrace of wind moratoriums risks undercutting this dynamism.

Mercer County would be wise to avoid repeating mistakes made in McLean County. The potential benefits of wind development in the county are substantial, and foregoing those benefits will do nothing to lessen market pressures on coal-fired power plants. . Mercer County regulators should embrace companies eager to develop new wind energy facilities in the county, as long as those companies are willing to build the project with local labor.

⁵ Estimate based on information from GRE

(<https://greatriverenergy.com/major-power-supply-changes-to-reduce-costs-to-member-owner-cooperatives/>)

and from the following article: Amy Sisk, "As co-op considers closing Coal Creek, concerns play out in zoning spat," The Bismarck Tribune, April 19, 2020, available here:

https://bismarcktribune.com/news/state-and-regional/as-co-op-considers-closing-coal-creek-concerns-play-out-in-zoning-spat/article_e38f60d4-d05d-51c5-abec-0a341af10c44.html