

Dayna Baird Payne
Interested Party Testimony on House Bill 49
House Finance Committee
Chairman Ryan Smith
Wednesday, April 5, 2017

Chairman Smith, Vice Chairman Ryan, Ranking Member Cera, and members of the House Finance Committee, thank you for the opportunity to appear before you today as an interested party to House Bill 49. My name is Dayna Baird Payne and I am President of Government Edge, here on behalf of the American Wind Energy Association and Avangrid Renewables.

I am here today to respectfully request that House Bill 49 be amended to return the property line wind turbine setback to its original distance of 1.1 times the height of a turbine from base to vertical blade tip.

In 2008, shortly after passage of Senate Bill 221 establishing Ohio's Alternative Energy Portfolio Standard, came the recognition that while Ohio had a Power Siting Board, no specific guidelines existed for permitting windfarms. Because Ohio has a robust statewide power siting process, the Legislature chose to impose statewide statutory minimum setbacks. Those setbacks were established in House Bill 487 in May 2008 based on industry norms and standard practices in other jurisdictions.

In HB 487, the state established two setbacks: one from a property line and one from a habitable structure. The property line setback was 1.1 times the height of the turbine from its base to vertical blade tip (approximately 540 feet). The habitable structure setback was 750 feet plus blade length (approximately 925 feet). The habitable structure setback was increased in May 2012 to 1125 plus blade length, or approximately 1300 feet. It is important to note that these are statutory *minimums*, and that the Ohio Power Siting Board has the ability to increase them on a turbine by turbine basis for any given project. For example, the average habitable structure setback for Blue Creek Wind Farm in NW Ohio is over 1600 feet. The Power Siting Board's requirements relative to noise, for example, often necessitate longer setbacks from residential structures than the statutory minimum.

Ohio's first two wind farms were developed under the original setbacks and have been operating in Van Wert and Paulding counties since 2011, peacefully co-existing with the community and serving as a tremendous economic benefit to the area's local governments, school districts, and landowners. To illustrate, the two projects represent a combined \$775 million capital investment, make annual PILOT payments in the amount of \$3.6 million to schools and local governments, and nearly \$3 million in landowner lease payment annually. But perhaps of most importance to this discussion, the 304 MW Blue Creek Wind Farm –with 152 turbines – has received 25 complaints in the six years in which it's been in operation. Seventeen of the 25 complaints have been about television reception, easily addressed with antennae and/or cable or dish service. My point here is that 200 turbines have been operating in northwest Ohio with virtually no complaint or issue for years.

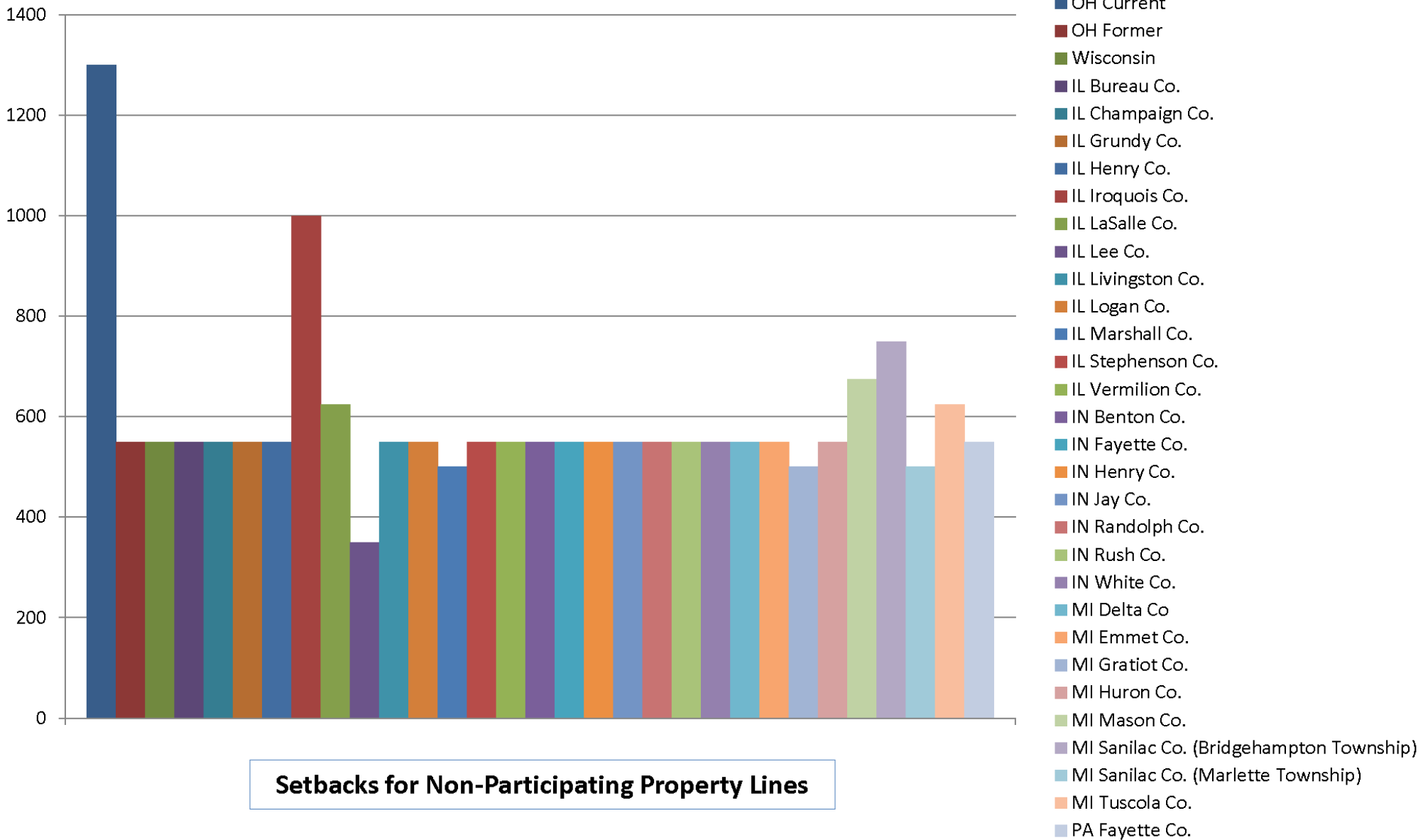
In May 2014, a change to the property line setback was made in HB 483, an MBR bill. The change came in the Senate just hours before the floor vote on the bill and with no opportunity for public comment or testimony. Perhaps more importantly, it came with no demonstrated need for a change. It wasn't a response to issues at the operational wind farms. It did not stem from a visit to the operational windfarms or asking the community about concerns. And furthermore, there was no "science" behind the change. HB 483 simply made the property line setback the same as the habitable structure setback, increasing the distance more than 2.5 times.

Not a single application for a wind farm has been made since the effective date of HB 483. I will discuss the charts below to demonstrate why.

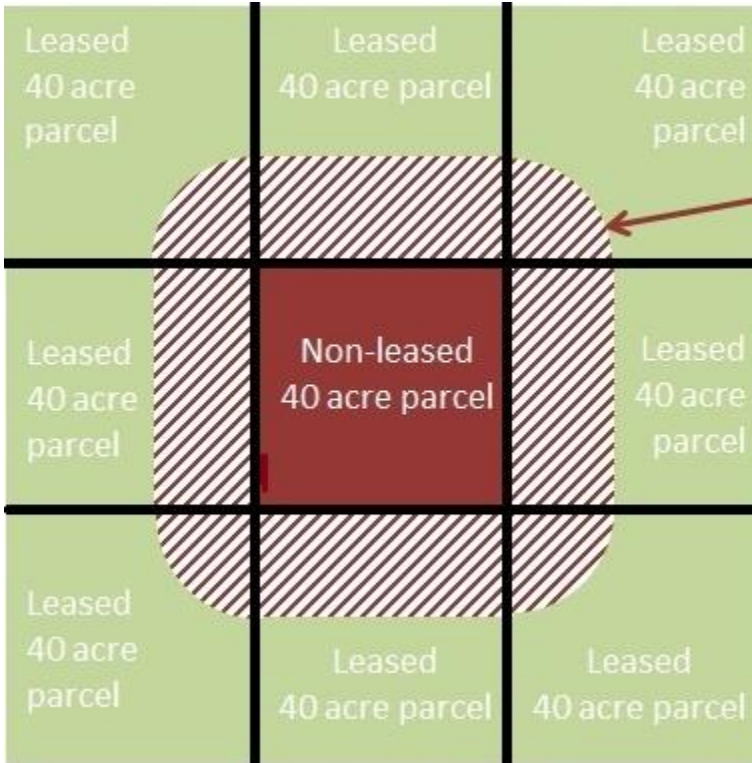
Setback Comparison for Non-Participating Property Lines

Setbacks for a Standard Turbine

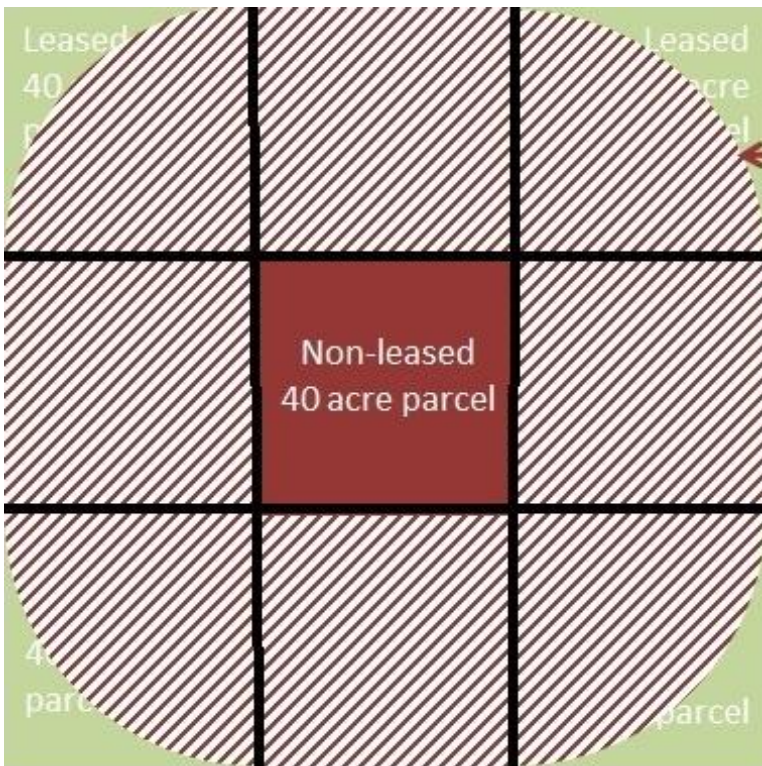
Regional Setbacks for Successful Projects Compared to New Ohio Standard



Private Property Rights and Siting in Ohio

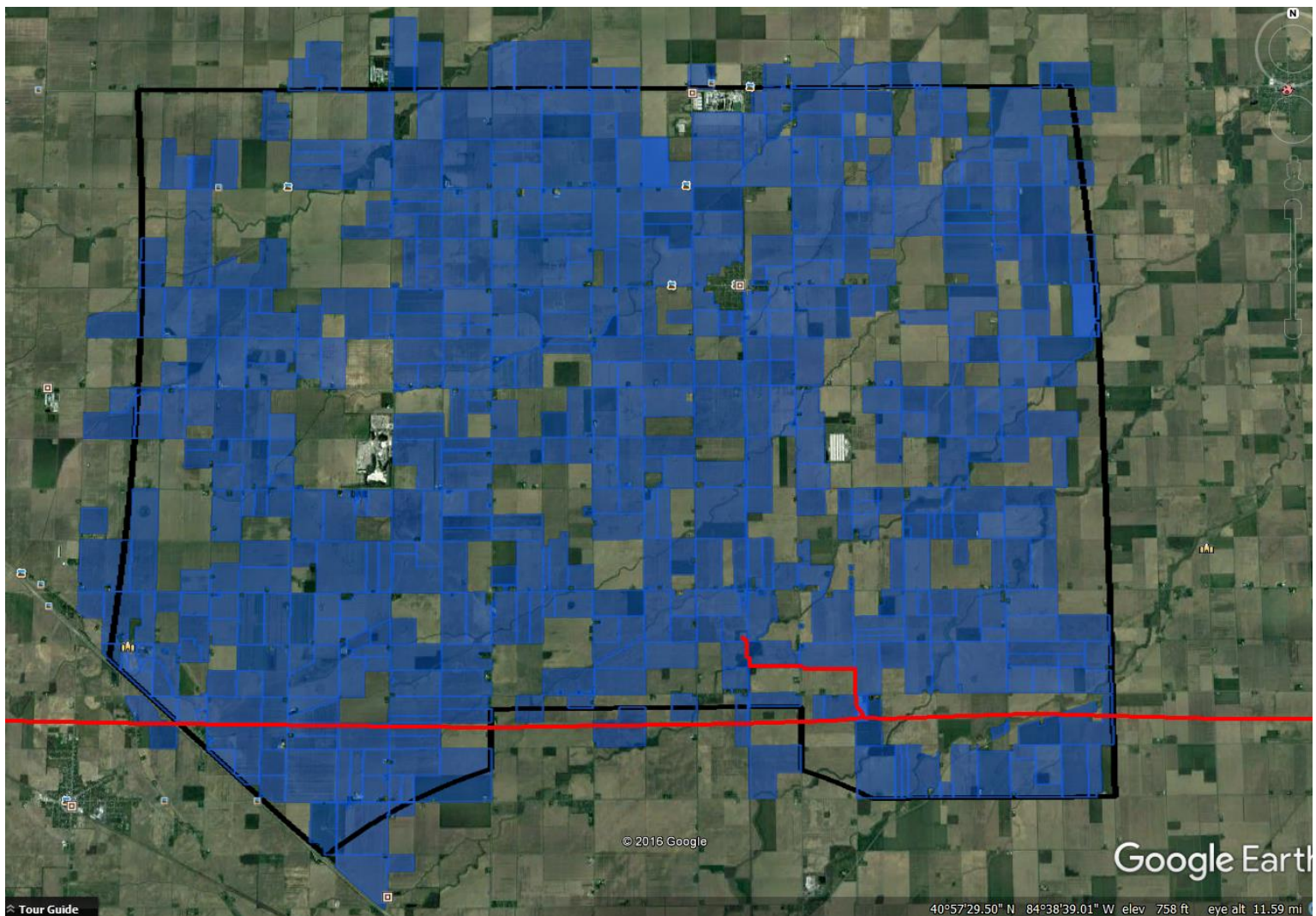


Under previous setback requirements (1.1 times height of turbine from base to tip of highest blade – approx. 525 ft.), setbacks onto neighbors' property totaled **87 acres**, protecting neighbors' rights while still allowing wind development.



Current law created in 2014 by HB 483 (1125 ft. plus length of blade – approx. 1300 ft.) blocks wind development with setbacks onto neighbors' property totaling **283 acres**.

When selecting a site to locate a windfarm, developers need three things: good wind resource, rural/agricultural land that is not densely populated, and access to a transmission line. My client, Avangrid Renewables found all three in northwest Ohio, coupled with a welcoming community. Their 304 MW, 152 turbine Blue Creek Wind Farm covers 40,000 acres, spans two counties, and six townships. The outer project boundary encompasses over 40,000 acres, nearly two thirds of which is under lease with Avangrid. Developers would prefer to sign leases and good neighbor agreements with nearly all property owners in the project boundary, and they work hard to do so. However, there are many reasons some landowners choose not to participate. It could be that they don't want a wind farm or a turbine near their property, but it could also be that several siblings may have inherited the property and can't decide on many things, let alone signing a 25 year lease. It could be that the property has a commercial use and doesn't want to sign a lease for that length of time. It could simply be that the property owner lives out of state and doesn't respond to repeated requests from the developer. The graphic below shows the footprint of Blue Creek Wind Farm. The black line is the outer boundary. The red line is an AEP transmission line. The blue shaded parcels are those under lease with Avangrid - more than 140 landowners. Under the original setbacks, you needed to contract with a significant majority of the land owners in a 40,000 acre area in order to construct 152 wind turbines. Had Blue Creek Wind Farm been permitted after the 2014 setback change, only 12 turbines could have been constructed in the same area.



As I stated earlier, this is not an issue of mandates or imposing costs on Bob and Betty Buckeye. The current property line setback is an artificial, unfounded market barrier for companies wanting to build wind farms and those wanting to purchase the power from them. In 2015, corporate purchasers of wind power exceeded traditional utility purchasers for the first time. Yes, many of these companies have commitments to being powered by renewable energy over a period of years, but they also recognize that wind – with no fuel costs – provides a long-term hedge against fluctuating energy prices. The ability to construct and purchase utility scale wind is becoming an increasingly significant factor in site selection. . If Ohio wants to keep as many doors open as possible to investments such as Amazon's – more than 6,000 Ohio employees, multiple facilities, and billions in investment – then now is the time to return to the previous wind setback requirement. Some of you may know that Columbus, Ohio and Ft. Worth, Texas were Facebook's final two possible sites after a 220 city search in 2015. The same day Facebook announced its selection of Ft. Worth, they announced it would be powered by a wind farm soon to begin construction 100 miles away. An April 26, 2016 New York Times article stated the following about the Facebook deal: "To appeal to Facebook, local officers promoted the availability of wind energy, a strong labor pool and technology, and access to airports."

The purchasing of large scale wind energy is not just limited to cloud computing and IT companies like Amazon, Facebook, Google, Microsoft, and Apple, but also includes companies like Dow Chemical, Kaiser Permanente, Proctor & Gamble, Equinix, and Owens Corning. If we want to hang a sign out saying Ohio is open for business to companies such as these, a natural and easy next step is removing the market barrier to wind development.

And if wind development can resume, northwest Ohio stands to benefit the most – as Senator Cliff Hite often says, "wind is northwest Ohio's shale." 2,950 MWs are in some phase of development and that means \$5.9 billion in capital investment, \$26.5 million annually in taxes, and \$19.8 million annually in landowner lease payments.

This kind of economic development opportunity – both for the local areas and the state – should not be delayed any longer. We respectfully ask that the committee restore the property line setback to its original distance of 1.1 times the height of the turbine in House Bill 49. I would be happy to answer any questions you may have at this time.