ILLINOIS WIND WATCH

STANDING UP FOR SMART ENERGY POLICIES

September 14, 2012

Comments on the
Illinois Power Agency
2013 Electricity Procurement Plan

The following comments are being submitted on behalf of the citizens of Illinois Wind Watch. Illinois Wind Watch is a non-partisan, unincorporated association of Illinois citizens and citizen groups that oppose irresponsible development of wind energy. Its members come from all parts of the political spectrum but they all agree that subsidizing wind energy makes no sense. IWW receives no funding from third parties. We work with citizens and scientists across the United States and Canada. To learn more about IWW, go to www.illinoiswindwatch.com.

Except as set forth below, IWW fully supports the Illinois Power Agency (IPA) 2013 Electricity Procurement Plan (the "2013 Plan"). The 2013 Plan represents a reasonable balance between meeting the State's renewable portfolio standard ("RPS") and protecting consumers and the economy, as mandated by the Illinois Power Agency Act (the "IPA Act"). While IWW maintains that the RPS is misguided on both economic and environmental grounds, IWW concedes that the regulations remain in place and must be met until repealed. However, the Legislature wisely provided for protection of consumers by qualifying and conditioning the mandate with price escalation controls, as noted in the 2013 Plan.

Opposition to Long-Term Contracts. IWW supports IPA's refusal to enter into more long-term power purchase agreements. In past public comments, the large industrial wind companies and the various entities that derive profit from them (collectively, "the Industrial Wind Complex") have argued that the IPA should approve long-term agreements to fulfill renewable mandates for up to 20 years, and in fact such agreements apparently were executed in 2010. One industrial wind company boldly admitted that such long-term contracts would help stimulate investment in their wind projects. IWW opposes all such long-term contracts for the foreseeable future for the following reasons:

- All the reasons cited by the IPA in the 2013 Plan;
- We question whether the IPA has statutory or regulatory authority to implement contracts that extend beyond the 5-year horizon provided for in the IPA Act.
- It appears that existing long-term contracts are already presenting undue burdens on the State. The 2013 Plan indicates that "[p]ayments under these contracts run the risk of exceeding the legislatively-mandated price caps for renewable resources for some or all

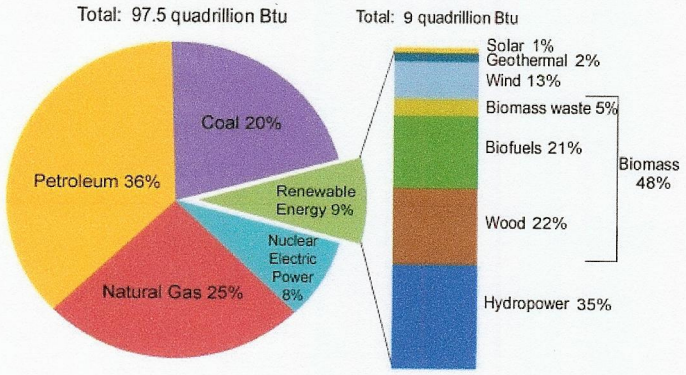
of the delivery years in the planning horizon." 2013 Plan, p.3. The Plan further notes that "[t]he IPA is considering using its Renewable Energy Resources Fund, funded by alternate compliance payments made by the ARES to comply with at least 50% of the RPS requirements and administered by the IPA pursuant to Section 1-56 of the IPA Act to help mitigate payment risk for these contracts." 2013 Plan, p.3. IWW would like to know more about how this would work. It sounds like an improvised bailout of some inconvenient contracts. In any event, there is no indication that new long-term contracts would be any different.

- The State should maintain its flexibility to give consumers the advantages of the current downward pressure on electricity prices as cheap, abundant, domestic natural gas supplies continue to be developed. Significant carbon savings can be realized through a market-driven transition from coal to natural gas at no cost to consumers or taxpayers.
- The current unsettled state of U.S. energy supplies and policy makes it absolutely impossible to predict the ultimate impact of long-term contracts on the Illinois economy. The IPA is entirely justified in its decision not to try to do so.
- The State should not force Illinois consumers and businesses to become unpaid investment partners of the Industrial Wind Complex beyond what is absolutely necessary under applicable law. If the Industrial Wind Complex cannot find willing investors even with the existing extreme RPS mandates and billions of dollars' worth of state and federal tax breaks and incentives, the people of the State of Illinois should not be expected to shoulder such risk with no potential for any return. The Legislature wisely sought to avoid burdening the State's economy beyond the percentage price increases allowed in the Act and the IPA has honored that intention in the current Plan.
- Long-term contracts would hamper the State's ability to abandon its renewable portfolio and wind mandates. In fact, this may be the main reason that industrial wind interests are pushing so hard for such long-term contracts. However, the State would be wise to keep its options open in this regard because recent scientific studies show that wind has failed to live up to expectations:
    - Wind is not cheap. Even with extensive federal tax breaks, new wind facilities would cost about 50% more than new natural gas facilities. http://www.eia.gov/forecasts/aeo/electricity_generation.cfm. When the tax breaks are accounted for, wind is even more expensive. Consumers and taxpayers would also have to bear tens of billions in costs for transmission infrastructure (power lines) required because renewables, especially wind, are generated far from population centers. There is no free lunch; subsidies for wind divert capital from more efficient uses and precious resources become unavailable to fund social service obligations, such as pensions, Medicare, Medicaid, student loans, etc.
    - Wind mandates and subsidies kill more jobs than they create. This has been shown in many European countries. http://www.aei.org/outlook/energy-and-the-environment/the-myth-of-green-energy-jobs-the-european-experience/.

According to official records of the Illinois Department of Commerce and Economic Opportunity, the wind companies create just 6-12 permanent local jobs per wind project. http://illinoiswindwatch.com/each-illinois-wind-job-costs-taxpayers-8-million . This is not a good return on the public's investment in wind. In contrast, more affordable energy stimulates the entire economy, thereby creating jobs in every sector and geographic location.

- Net Economic Losses. At a wind energy special permit hearing, Dr. Loomis of Illinois State University's Renewable Energy Center (ISU REC) admitted that ISU REC reports of the alleged economic benefits of wind in Illinois do not account for the *costs* of such mandates, e.g., loss of jobs elsewhere in the economy and movement of energy-intensive manufacturing to lower-cost, non-RPS states. (We note that ISU REC has received significant support from the wind industry and should be considered part of the Industrial Wind Complex.) Key European countries started reducing subsidies for wind almost two years ago. http://www.greatlakeswindtruth.org/breaking-news/121-drying-up-in-europe.html. For relevant articles see http://illinoiswindwatch.com/wp-content/uploads/2011/02/BinderYellowTab-EuropeanExperience.pdf.
- Wind's impact on net carbon emissions are minuscule. After 20 years of subsidies, tax breaks, loan guarantees, mandates and grant programs, industrial wind now produces 1% of our nation's energy.

U.S. Energy Consumption by Energy Source, 2011



Source: U.S. Energy Information Administration, *Monthly Energy Review*, Table 10.1 (March 2012), preliminary 2011 data.

http://www.eia.gov/energyexplained/index.cfm?page=electricity_in_the_united_states. However, wind gets 88 times as much subsidy per unit compared to fossil fuels. http://online.wsj.com/article/SB10001424053111903285704576559103573673300.html. This attempt to reduce our carbon footprint, while perhaps well-

intentioned, has failed and this technology shows no sign of being able to deliver significant carbon savings.

- No Decrease in Dependence on Foreign Oil. Oil does not fuel the U.S. electricity sector. http://www.eia.gov/todayinenergy/detail.cfm?id=4950. Thus, industrial wind does nothing to reduce our dependence on foreign oil.
- Health Impacts. Industrial wind harms the health and quality of life of many residents of wind projects. There have been many recent reports of studies. See, e.g., http://www.hc-sc.gc.ca/ahc-asc/media/nr-cp/_2012/2012-109-eng.php (Canada to study health impacts of wind turbines due to complaints of wind project residents). This key issue should be scientifically studied and testimony of project residents should be heard before any more turbines are sited in proximity to residential properties.
- Loss of Bats and Birds. Industrial wind kills large numbers of bats and protected birds. Bats are a unique and extremely important part of the agricultural ecosystem and the bat population is already stressed by White Nose Syndrome. http://www.whitenosesyndrome.org/resource/beyond-billions-threatened-bats-are-worth-billions-agriculture.
- Property Values. Independent studies and common experience indicate that wind projects rob non-participating landowners of the full value of their properties.
- Emergency Services Limited. Wind projects prevent emergency medical helicopters from accessing victims in those areas. This has occurred in Livingston County, Illinois.
- Other negative impacts too numerous to list here.

Payment of Excess Costs. IWW opposes the provisions of the 2013 Plan that provide for the payment of the excess costs being incurred under the existing long-term contracts for renewable resources. The price protection provisions of the IPA Act should render those contracts null and void. Furthermore, such contracts may be considered unenforceable as *ultra vires*. To the extent such contracts exceed the 5-year window, they exceed the planning horizon and are improper to include in the Plan. For purposes of this year's Plan, IWW proposes that all references to funding the existing long-term contracts be deleted. IPA could then initiate a review to determine whether such contracts are valid and legally binding prior to development of the next 5-year plan.

Request for Further Study. IWW appreciates the IPA's careful consideration of the rate impacts of the 2013 Plan on the people of the State of Illinois. We ask that the Legislature go a step further and reconsider *all* the impacts of the wind industry. Independent scientific studies show that wind technology has not met initial expectations in many important respects. IWW believes it is time to review the latest evidence to determine whether industrial wind is worth the trouble. We contend that it is not. If wind energy does *not* help us reach our goals, then the Industrial Wind Complex does not deserve the hard-earned money of the citizens, businesses and taxpayers

of Illinois. Given our State's weak financial condition, we simply cannot afford to waste money or scare off our remaining industry with higher-than-necessary energy costs. If the Legislature holds hearings to determine the true impacts of this industry, IWW would welcome the opportunity to provide expert testimony on these and other aspects of wind energy. Thank you for your time and consideration.

Yours truly,

Illinois Wind Watch

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