

(Prairie Pioneer Newspaper Article)

Wind generation meeting held at Pollock School on Sept. 3

Representatives of Denali Energy of South Dakota, Inc., met with landowners about the possibility of developing the Campbell County Wind Farm along the ridge which starts about four miles south of Pollock and extends southward and eastward in Campbell County. The meeting was held Wednesday evening, Sept. 3, in the Pollock School Lunchroom.

“South and North Dakota are in an excellent position to be energy exporters,” Rob Johnson said. “This is an historical position.” R. Johnson is one of the original partners in Denali Energy.

R. Johnson said there were three strong reasons to build the \$600-\$900 million project. “This is the right area for the project,” he stated, “and we (Denali) have a way to sell the power that is generated and the ability to access the financing to construct the project.”

Curt Johnson, another original partner in Denali Energy, noted that wind energy maps indicate that the Pollock ridge is in the “good” to “excellent” wind power class. Those numbers will need to be verified by an anemometer, which the Campbell County Economic Development Corporation is going to have installed in the area later this fall.

The anemometer will take readings at 30, 40 and 50 meters (about 98, 131 and 164 feet, respectively). Readings will be recorded daily and transmitted to either the Environmental & Energy Research Center at the University of North Dakota or South Dakota State University for recording.

Denali would be looking to develop a 200 to 300 megawatt project. Each individual turbine can generate up to 1.5 megawatts of energy, which means there could be about 200 turbines in a fully-developed project.

“The project will help create energy independence,” C. Johnson said. “It will also stimulate economic and job growth in the area.” He said that a staff of about 40 people would be needed for the operation and maintenance of the towers after they are constructed.

The wind farm would also support the local tax base by providing PILT agreements (payment in lieu of taxes) to the county, which can then be used for local roads, schools, etc. C. Johnson noted that a local landowners’ tax base would be held harmless on land which Denali has an easement on.

The turbines will be manufactured in Aberdeen by the Molded Plastics Company. Denali, the only South Dakota based wind energy company, would use GE generators on the turbines.

In general, one of the problems with wind energy is the lack of transmission lines to move the energy to the larger population areas to the east or on the west coast. “I would compare the current electrical transmission grid to the condition of our highways following WW II,” C. Johnson stated. “No matter the source of electricity that we develop, we will need to upgrade the grid.”

However, R. Johnson said he was confident that the energy produced by a wind farm in Campbell County could be transmitted via the WAPA overhead power line which runs through Campbell County. “WAPA has suggested they now have capacity on their line for 300 megawatts,” he said. He added that the Basin overhead lines which run through the county are full.

Getting accurate information from the anemometer is very important, according to C. Johnson. “We need the information so we can determine how much energy can be generated and when,” he stated. He also stressed that Denali has the expertise, relationships and resources to solve the transmission issue for the Campbell County Wind Farm, if necessary.

Another issue which has plagued wind energy in the past is its unreliability — even though it may seem like it, the wind does not blow all the time. Denali, however, provides “firm wind power.” “We do that by using natural gas-fired turbines to produce co-generation when the wind goes down,” he stated. The process would allow the Campbell County Wind Farm to always provide some electric energy to the wholesalers.

C. Johnson also addressed the environmental issue involving the migration of whooping cranes. He said the problem is not the turbines, but rather overhead transmission lines which are not marked with reflectors. “The U.S. Fish and Wildlife Service agrees with us,” he added.

The option and easement agreements which Denali has used in other projects were reviewed and provided to those present at the meeting. “We need to stress that we only have an easement on your property, not a lease,” C. Johnson stated.

Denali has a request in with the U.S Secretary of Agriculture to allow towers to be placed on land currently in CRP. C. Johnson said that the new Farm Bill stressed alternative energy development.

If Denali secures enough options on property to make the project viable, the landowners will be notified of that Milestone Threshold and will receive payment of the option fee (\$1 per acre per year accrued from the effective date of the option up to the date of notification to proceed). Denali Energy will then complete the easement for the property. “Never sign an option and easement without first consulting an attorney,” C. Johnson cautioned.

If the wind readings from the anemometer are favorable and Denali receives enough options on property to move forward, they are proposing a 40-year project. Landowners with turbines on their land would be guaranteed the larger of i) a minimum of \$2,000 per operational turbine per year or ii) two percent of the gross operating proceeds per operational turbine per year. Denali officials anticipate that the wind farm will make 10 to 12 percent net profit, so the two percent the landowner would receive really represents about 16 to 20 percent of the company's net profit.

R. Johnson estimated the gross proceeds per operational turbine per year to be between \$6,000 and \$8,000 for the Campbell County Wind Farm, based on a negotiated rate of 4¢ per kilowatt.

Following a question about the location of the turbines, C. Johnson stressed that not all landowners who sign an option might receive a turbine. They are sometimes placed in a checkerboard pattern and spaced to allow the wind time to regenerate between towers.

Prior to the start of the meeting, Campbell County Economic Development Coordinator Ralph Hanson noted that the CC Economic Development Corporation is not endorsing any one company, but just coordinating the meetings for wind development companies and the local landowners. Just Wind, LLC of Napoleon, N.D., has a meeting set up for Wednesday, Sept. 17, at the Pollock School Lunchroom. Hilliard Energy and/or Skyward Energy has also expressed interest in the area. They have not set a date for a public meeting.