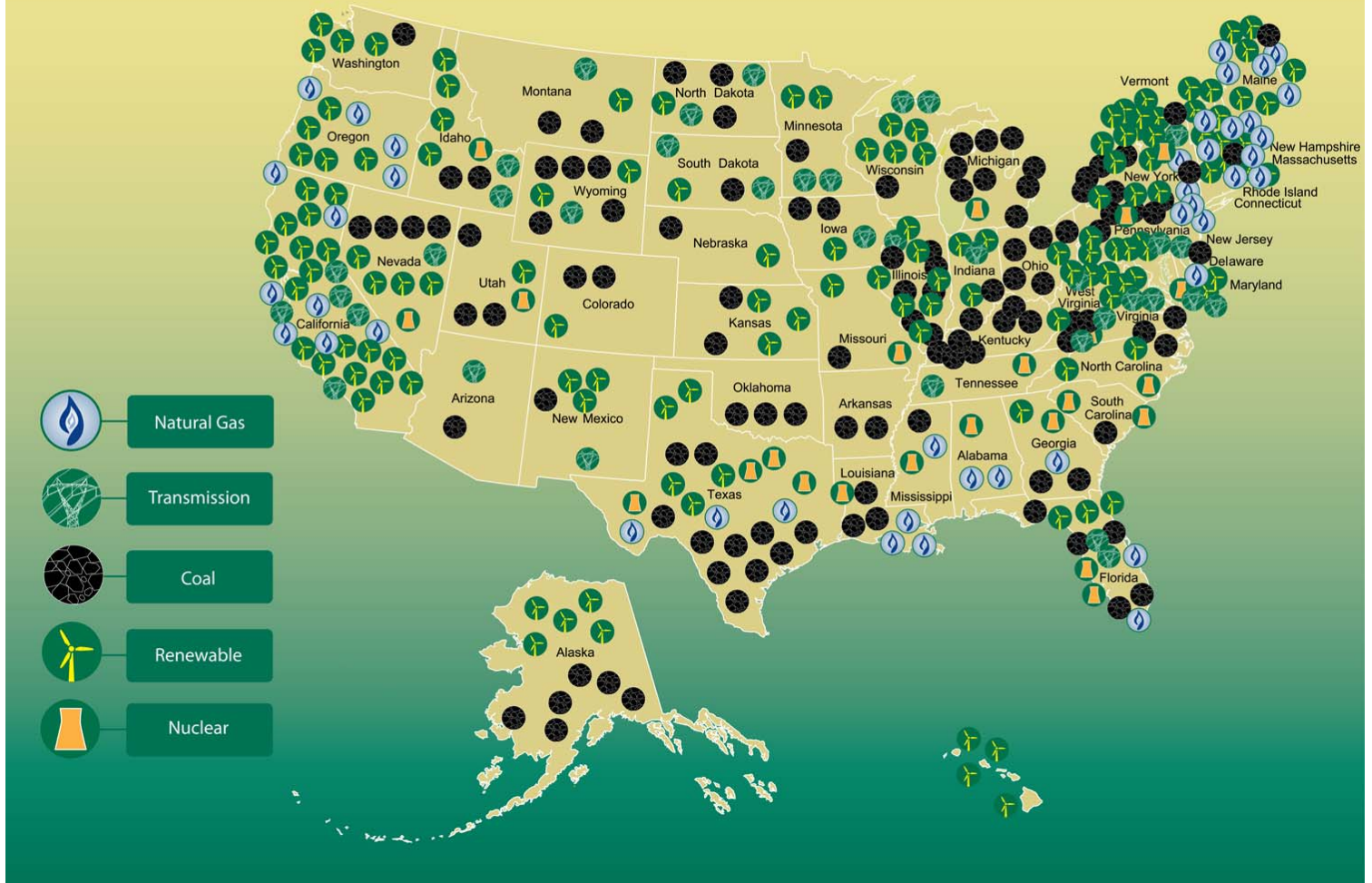




Project ~~No Project~~

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Progress Denied: How Red Tape Is Costing Jobs

By Tom Donohue, President and CEO, U.S. Chamber of Commerce

A combination of federal, state, and local regulatory red tape is preventing American businesses from creating new green energy jobs and generating more than a trillion dollars in economic output. Is that acceptable with 8.9% unemployment and a struggling economy? Or is there a better way?

By our estimates, 351 job-creating projects promoting energy across the country are currently snarled by a broken permitting process and by a regulatory system that fails to ensure timely reviews and actions. (To see what projects are being delayed and denied in your state, go to www.uschamber.com/pnpstudy.) If allowed to go forward, these projects could produce a \$1.1 trillion short-term boost to the economy and create 1.9 million jobs annually.

The flawed regulatory system is also open to manipulation. Some environmental activists and their allies—who should be the strongest green energy supporters of all—are using every resource at their disposal to block, delay, or cancel clean energy projects. They have organized local opposition, changed zoning laws, opposed permits, filed lawsuits, and bled projects dry of their financing. Call it “green tape” bureaucracy. Their efforts are undermining job creation and slowing the adoption of environmentally friendly energy technologies.

Lawmakers and the American public must recognize that our broken permitting process and extreme groups are denying projects opportunities to be fairly considered on their merits. To be clear, we are not saying that ill-conceived projects should be allowed to move forward. Rather, all projects should be given a fair chance to prove their worth in the market within a reasonable period of time. And if a project is worthy, it should receive a permit.

The discussion is beginning in Washington about improving the regulatory process. What is urgently needed now is a careful consideration of how all these permitting obstacles, uncertainties, and time delays can be addressed to speed up the processing, approval decisions, and development of many pending job-creating projects. Private investors and developers are prepared to fund, build, and operate energy projects that could materially increase GDP and create jobs—but only if policymakers remove obstacles.

No one objects to a fair and timely process whereby projects are examined and the affected communities can be heard. But reasonableness and common sense must carry the day. The truth is that it takes too long to build almost anything in our country today—even clean, green, and renewable energy resources that create jobs, enhance our energy security, and improve our environment. It's time for change.

For the full story go to: www.projectnoproject.com

Progress Denied Executive Summary: A Study on the Potential Economic Impact of Permitting Challenges Facing Proposed Energy Projects

Steve Pokies and Joseph P. Fuhr Jr. - TeleNomic Research, LLC

This report was commissioned by the U.S. Chamber of Commerce in Conjunction with their Project No Project Initiative

This study estimates the potential loss in economic value of 351 proposed solar, wind, wave, bio-fuel, coal, gas, nuclear and energy transmission projects that have been delayed or cancelled due to significant impediments, such as regulatory barriers, including inefficient review processes and the attendant lawsuits and threats of legal action. These energy projects were reviewed and catalogued by the U.S. Chamber of Commerce as part of its Project No Project initiative and are available at www.projectnoproject.com. To be clear, we do not believe that all of the subject projects ever would or necessarily should be approved, constructed, or operated. However, the Project No Project initiative and our independent research, which is summarized in this study, demonstrate that impediments such as regulatory barriers to energy projects can substantially reduce and impair private investment and job creation. After a year of research on these projects, the following are the major highlights of our study:

In aggregate, planning and construction of the subject projects (the “investment phase”) would generate \$577 billion in direct investment, calculated in current dollars. The indirect and induced effects (what we term multiplier effects) would generate an approximate \$1.1 trillion increase in U.S. Gross Domestic Product (GDP), including \$352 billion in employment earnings, based on present discounted value (PDV) over an average construction period of seven years.^[1] Furthermore, we estimate that as many as 1.9 million jobs would be required during each year of construction.

The operation of the subject projects (the “operations phase”) would generate \$99 billion in direct annual output, calculated in current dollars, including multiplier effects, this additional annual output would yield \$145 billion in increased GDP, \$35 billion in employment earnings, based on PDV, and an average 791,200 jobs per year of operation. Assuming twenty years of operations across all subject project types, we estimate the operations phase would yield a potential long term benefit of \$2.3 trillion in GDP, including \$1.0 trillion in employment earnings, based on PDV.

Therefore, the total potential economic and employment benefits of the subject projects, if constructed and operated for twenty years, would be approximately \$3.4 trillion in GDP, including \$1.4 trillion in employment earnings, based on PDV, and an additional one million or more jobs per year.

As noted above, we do not believe that all of the subject projects will be approved or constructed even in the absence of any legal and regulatory barriers. Also, as with all economic forecasts, we recognize that there is an element of uncertainty. This could be true here because, to our knowledge, this is the first empirical study to quantify the macroeconomic and employment impact of the regulatory barriers imposed on the development and operation of so many energy projects. Consequently, we believe additional work is needed to improve the list of energy projects and to refine this study's methodology. Among other things, future work could attempt to quantify other potentially lost benefits such as the economic impact of increased domestic energy supplies and associated reductions in consumer prices due to greater amounts of available energy.

Notwithstanding the above caveat, we believe this study provides an instructive and statistically defensible picture of the potential for corrosive economic and employment impacts that can arise from significant project obstacles such as inefficient regulatory processes, including attendant lawsuits and threats of legal action. Moreover we believe the data demonstrates these impacts are substantial. Furthermore, because we have, for example, excluded domestic on- and off-shore oil and many natural gas projects from our study cohort, we have substantially underestimated the impact of the regulatory barriers and other project impediments. In other words, this is a conservative analysis.

At a minimum, our study demonstrates that private investors and developers are prepared to fund, build and operate energy projects that could materially increase GDP and create many jobs. However, in view of project obstacles such as regulatory inefficiencies, this investment may only come to fruition if policymakers take the steps needed to streamline and improve existing regulatory processes so that projects can be given a fair opportunity to secure a final permit based on the soundness of the project, and not on the ability to withstand a tortured permitting process. Potentially, these and other similar projects offer substantial economic opportunities, but these opportunities can only be realized if these projects are reviewed and evaluated in an efficient, effective, and timely manner.^[2] Based on our review of the circumstances of the 351 projects identified, we conclude that, absent policy action aimed at constructive reforms to the regulatory process, there is substantial risk that economic progress and opportunity will to continue to be denied for millions of American citizens.

[1] The GDP and employment earnings estimates presented in this study are expressed in terms of present discounted value (PDV), rather than current dollars, in order to reflect the fact that a dollar in the future is worth less than a dollar today. In this way, this study avoids exaggerating the real economic value of these projects. Based on the project type and weighted by construction value, we conservatively estimate the average project to take seven years to complete. See the methodology section of this study for further information.

[2] As noted, the authors fully realize that completing all 351 energy projects at once would be very unrealistic. However, the magnitude of these numbers shows that completing even a small portion of these energy projects would have significant economic benefits. Chapter IV (Part B) of this report conducts a sensitivity analysis aimed at different scenarios that assume completion of some, but not all, of the projects.

See the summary of projects affected in Wisconsin on the next page.

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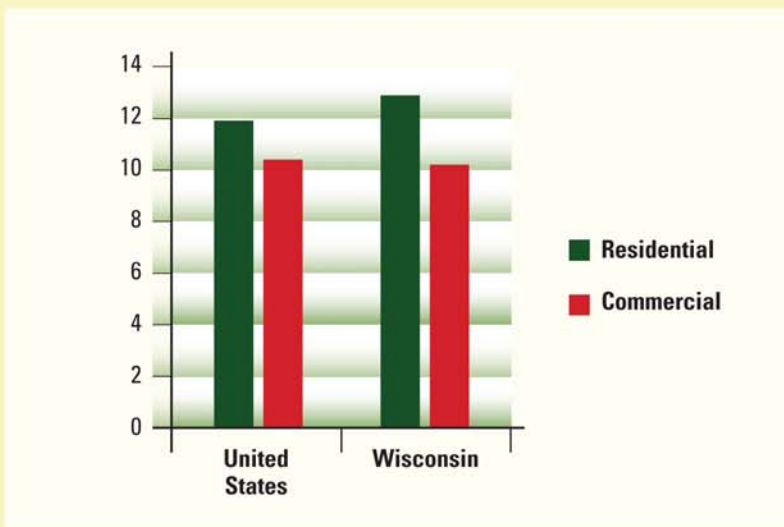
PROJECT NAME	TYPE
AgWind Energy Partners Trempealeau County Wind Farm	Wind
CapX2020 (WA Portion)	Transmission
Coulee Area Renewable Energy – Ethanol Plant	Renewable Fuels
EcoMagnolia Wind Project, Magnolia Township	Wind
Emerging Energies, Mishicot Wind Farm	Wind
Glacier Hills Wind Park	Wind
Green Power Express (WI Portion)	Wind
Nelson Dewey III	Coal

Economic Overview

Population (2009 in thousands)	5,655
Personal Income per Capita (2009)	\$36,822
Employment (Aug 2010 in thousands)	2,790.7
Unemployment Rate (Aug 2010)	7.9%
Change in Jobs (Jan. 2008 – Aug. 2010)	-164,400
All State Government Expenditures	\$32.6 bn

Electricity Costs (cents/kilowatt hour)

Residential (June 2010)	12.83
Commercial (June 2010)	10.08



U.S. vs. Wisconsin Electricity Costs

Benefits from Proposed Energy Projects

Upfront Investment (total of all projects)	
Total Economic Output (in PDV)	\$5,900,000,000
Employment Earnings (in PDV)	\$1,900,000,000
Average Annual Jobs	12,800

First Year of Operations (total of all projects)	
Total Economic Output (in PDV)	\$500,000,000
Employment Earnings (in PDV)	\$100,000,000
Average Jobs Created in Year 1	3,000

Example Project

AgWind Energy Partners Trempealeau County Wind Farm

AgWind Energy Partners approached Trempealeau County in September 2006 to build several wind farms in the county. AgWind installed a wind measurement tower as a precursor to possible wind farm development in 2007, but the tower aroused enough local opposition to trigger a countywide ordinance that effectively killed the project. In December 2007, wind opponents successfully obtained an ordinance placing a one-mile setback from homes and workplaces, a half-mile setback from property lines, and a two-mile setback from wildlife refuges. It also has a 40 dbA upper noise limit and strong noise restrictions. Together, these new conditions essentially barred all wind energy development, killing the project.