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Texas Study Finds Substantial Economic Benefits and Consumer Savings from Wind Power and CREZ Transmission Plan

WACO, Texas (May 20, 2010) – The typical Texas residential consumer is expected to potentially save \$160 to \$355 annually in electricity bills, once new transmission lines are completed to deliver wind power throughout the state, according to a study released today from The Perryman Group. Investment in new wind turbines and the Competitive Renewable Energy Zone (CREZ) transmission lines will help power the State of Texas with this renewable energy source.

In addition, the combined investment in new wind turbines and these transmission lines will create \$30 billion in economic gains, employ thousands and bring in almost \$2 billion in additional state and local taxes. Also, Texas' CREZ investment is expected to help the state annually conserve approximately 17 billion gallons of water, reduce carbon dioxide emissions by as much as 16 percent and reduce nitrogen oxide emissions by up to 13 percent.

Several Texas university economists endorsed the methodology and results of the study, which measures the likely economic impact of the CREZ transmission investment, as well as the anticipated doubling of available wind power available to Texas customers by 2013.

Because wind turbines do not pay for fuel, their cost of operation does not increase the more they are used. So, as more wind power becomes available on the market, it has a greater influence on wholesale market prices. The net result is a lower overall cost of electricity. This results in reductions in rates for residential, commercial and industrial customers that exceed the long-term cost of the CREZ investments. This effect already has been seen in the West Texas wholesale market for electricity.

“To put these numbers into context, the economic gains from CREZ and wind power translates into almost a half to 1 percent increase in our state's economy, which is equal to the impact of the air transportation (low range) or the computer and electronic sector

(high range) of our economy today,” said Dr. Ray Perryman, president of The Perryman Group. “Our study indicates that the investment in CREZ transmission infrastructure will help solidify Texas’ position at the forefront of wind power, renewables and associated industries, providing an additional \$3.8 billion in gross product per year and generate more than 40,000 jobs.”

Dr. Jeremy Hall, assistant professor of public affairs & assistant program head for performance management, University of Texas at Dallas, commented on the study, “Connecting homes, business and industry across the state to efficient and clean energy sources will ensure Texans have the power they need to live and conduct commerce. The Perryman Group report demonstrates the central role this project will play to enhance Texas’ global economic competitiveness for years to come.”

The Perryman Group found sizable positive economic impacts of the CREZ transmission investment on business activity that were related to:

- Construction and development of the new transmission infrastructure and the wind turbines required to achieve the newly expanded capacity;
- Ongoing maintenance of the transmission facilities and wind turbines, royalty payments to landowners, and cost savings stemming from improved fuel diversity; and
- Potential economic development benefits associated with solidifying Texas’ position at the forefront of renewable energy.

Currently, Texas is home to almost one-third of the nation’s wind generation capacity. Within three years, the completed CREZ transmission facilities will make available more than 18,000 MW, stimulating economic development and delivering clean energy to Texans throughout the state.

After reviewing the study, Dr. James Owen, Director, Bureau of Business and Government Research, Midwestern State University, “An important component in achieving economic growth is access to an adequate and reliable supply of energy. Among the items evaluated by The Perryman Group, ‘Winds of Prosperity’ concludes that CREZ transmission infrastructure and the investment in wind generation will help achieve adequate and reliable sources of energy. With respect to North Texas, the proposed investments offer an opportunity for counties and communities to achieve economic growth by participating in the development of these projects. These proposed projects appear to be favorable and appropriate additions to the North Texas economy and to the Texas state economy.”

Dr. Jim Mjelde, Professor of Agricultural Economics, Texas A&M University, College Station said, "There is no doubt that cheap energy fuels economic growth. Political, environmental, social and economic factors, however, are questioning the U.S. dependence on oil. Although for the foreseeable future our economy will continue to be oil based, wind-generated electricity is in the suite of alternatives necessary to help alleviate our oil dependence."

Dr. John Hill, Associate Professor of Economics, Hardin-Simmons University, Abilene, Texas stated, “The CREZ transmission investment guarantees Texas’ tradition as an energy producer and, as the report acknowledges, positions the state to maintain a pivotal role in energy as Texas transitions to more sustainable production of power. The report recognizes this is not just limited to wind energy. TPG recognizes the benefits to existing energy production and anticipates the development of solar power as another complementary, sustainable sector that would be facilitated by the CREZ transmission investment.”

The methodology includes dynamic input-output assessment, which essentially quantifies the multiplier effects as they ripple through the economy. The Perryman Group developed the US Multi-Regional Impact Assessment System in the 1980s; the model has been continuously maintained and updated. A copy of the complete study can be found on www.perrymangroup.com, along with the list of economists on Texas university faculties who have reviewed the study and agree to the findings.

Dr. Michael Giberson, Instructor in the Center for Energy Commerce, Rawls College of Business, Texas Tech University, said, “The benefits to the communities of Central West Texas from wind power development are clear, and similar benefits are available to the wind-resource rich areas of the Panhandle and South Plains. But achieving that benefit will depend on the ability to sell power to consumers served by the ERCOT grid, and that ability depends on the construction of the CREZ transmission expansion.”

The economic impact study is supported by ABB Inc.; Allegiance Capital Corporation; American Wind Energy Association; Clipper Windpower Development Company, Inc.; Competitive Power Ventures Renewable Energy Company; Cross Texas Transmission; Duke Energy; Electric Transmission Texas, LLC; enXco, Environment Texas; E.On Climate and Renewables North America; Great Plains Energy Alliance; Falcon Steel Company; Global Fiberglass Solutions, Inc.; Gorrondona & Associates, Inc.; Horizon Wind Energy; Iberdrola Renewables; Infinity Wind Power; Invenergy; Lone Star Transmission; Lone Wolf Groundwater Conservation District; Mitchell County Board of Economic Development; Novus Windpower, LLC; Oncor Electric Delivery; Pattern Energy Group LP; Pinnacle Technical Resources; Ports-to-Plains Alliance; Public Citizen; Ricochet Fuel; S&C Electric Company; Sharyland Utilities, L.P.; Siemens Energy Inc.; Southwest Energy Coalition; Stahl, Bernal & Davies, LLP; Sweetwater Enterprise for Economic Development; Telecom Electric Supply Co.; Terra-Gen Power; TEXCORP; Texas Renewable Energy Industry Association; Texas Wind Energy Clearinghouse; The Wind Coalition; TradeWind Energy; Venti Energy; Vestas; Weaver Construction; West Texas Wind Energy Consortium; and Wind Energy Transmission Texas. For the complete list of supporters, please visit www.perrymangroup.com.

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