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CORNHUSKER ECONOMICS

2010 Nebraska Wind Energy Legislation

In 2010 the Nebraska Unicameral enacted a major wind energy statute, LB1048, that will lead to significantly increased wind energy development in Nebraska. Nebraska has always had major wind energy development potential, but wind farm development has lagged far behind this potential. LB1048 changes this, and will allow Nebraska to increase wind energy development.

Why do energy developers want to build wind farms in Nebraska? To meet state renewable energy requirements (RESs). RESs are also known as Renewable Portfolio Standards or RPSs. Currently, 29 states and the District of Columbia require electric utilities to acquire a specified percentage of their electricity from clean or renewable sources such as wind, solar or hydropower. So energy companies build wind farms or solar farms to meet their RES. Pending federal legislation would establish a national RES of six percent renewable electricity production by 2012, and 25 percent renewable electricity production by 2025. Nebraska does not have a RES requirement or goal, but all of our neighboring states do, except Wyoming. The state RES requirements are creating the wind farm development interest in Nebraska.

What does LB1048 do? Basically, it removes any legal obstacles to companies developing major wind farms in Nebraska for export to another state. The main wind developer concerns were (1) to clarify that wind energy generated in Nebraska could legally be exported to another state, and (2) to prevent public power districts from acquiring wind farms through condemnation. In addition, wind exporters will have to build their own transmission lines if needed for wind power export.

What led to LB1048? A Chicago wind developer sought to develop a very large wind farm in Banner

Market Report	Yr Ago	4 Wks Ago	8/6/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$81.14	\$92.44	\$93.10
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb....	120.38	138.28	134.23
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb....	104.99	117.94	116.78
Choice Boxed Beef, 600-750 lb. Carcass.....	141.49	155.14	150.84
Western Corn Belt Base Hog Price Carcass, Negotiated.....	48.38	75.51	80.21
Feeder Pigs, National Direct 50 lbs, FOB.....	*	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	56.62	82.40	90.87
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.....	96.50	137.00	132.50
National Carcass Lamb Cutout, FOB.....	253.52	311.50	301.68
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.....	4.25	3.97	5.40
Corn, No. 2, Yellow Omaha, bu.....	3.01	3.55	3.63
Soybeans, No. 1, Yellow Omaha, bu.....	11.54	9.97	10.44
Grain Sorghum, No. 2, Yellow Dorchester, cwt.....	5.12	5.79	6.34
Oats, No. 2, Heavy Minneapolis, MN, bu.....	2.09	2.65	2.79
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.....	*	150.00	150.00
Alfalfa, Large Rounds, Good Platte Valley, ton.....	*	75.00	77.50
Grass Hay, Large Rounds, Premium Nebraska, ton.....	*	*	95.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.....	85.00	88.50	94.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.....	32.25	32.50	34.00
*No Market			

County, Nebraska for export. The proposed Banner County wind farm will include 600-800 large wind turbines. In contrast, Nebraska has fewer than 100 large wind turbines right now. LB1048 was enacted in large part to facilitate development of this large Banner County wind farm. When the development is completed, it will be a big increase in Nebraska wind capacity. If the Banner County wind farm were online today, Nebraska would be among the top five states for installed wind energy capacity.

So will LB1048 lead to a big increase in Nebraska wind energy development? It certainly makes additional wind energy development more likely. Pending federal energy legislation would establish a RES requirement for electric utilities. That would push Nebraska wind energy development even more.

So landowners and communities could receive wind energy payments for these new wind farms?

Yes – I have seen media accounts that report annual landowner payments of up to \$5,000 per turbine. Tax payments to cities, counties and school districts would also be stretched out over the life of the project, instead of being front loaded in the project’s first five years. The Unicameral should be congratulated for its efforts in developing and adopting LB1048.

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