

# RATES, JOBS, AND RIGHTS

## Proposed Mountain States Transmission Intertie (MSTI)

If you are one of the thousands who have written a letter, signed a petition, or otherwise questioned the effects of NorthWestern Energy's proposed MSTI on Montana rates, jobs, and rights, Governor Brian Schweitzer calls you a **kook** who's opposed to progress.

*Know the facts, and keep standing up to this intimidation.*



### Rates

**Higher rates.** MSTI would build an export super-highway for Montana's legacy coal and hydro generation (not just for new and renewable generation as the hype suggests). Once MSTI's built, we'll buy the generation back at California prices. The painful effects of deregulation in Montana are seriously worsened by MSTI.

**You'll pay for the towers and lines.** NorthWestern Energy can't promise Montana ratepayers that only transmission line export users will pay for MSTI. The Federal Energy Regulatory Commission (FERC) is proposing a socialization of costs of new transmission lines to ratepayers so that everyone pays to build these lines – not just the users.

**Look at their record.** Already, NorthWestern Energy hasn't kept its word on who pays for MSTI. NorthWestern recently asked for an increase to electric rates to pay for the new natural gas plant at Mill Creek, an integral component of MSTI according to MSTI's draft Environmental Impact Statement (DEIS).

**Pay big tax subsidies, too.** NorthWestern Energy is seeking federal stimulus subsidies for MSTI. Others seek additional subsidies for proposed wind development. These subsidies are not always cost-effective. See inset on Shepherds Flat project below.

### Jobs

**Pain for large industrial users and local business.** By raising Montana power prices toward California levels, MSTI would kill jobs at large industrial concerns that rely on large supplies of affordable power, and strain local businesses, farmers, and ranchers.

**Insignificant permanent in-state jobs.** For the record, the DEIS for MSTI (prepared by government agencies with NWE funds) states that permanent in-state jobs created by MSTI would be "insignificant" (Section 3.14).

**Corporate welfare – Does it create or kill jobs?** Governor Schweitzer was recently in Spain chasing "wind jobs," but a 2009 study from King Juan Carlos University in Madrid documents that 2.2 Spanish jobs disappeared in other industries for every one job created that required energy price supports. (See inset at right, also Spanish report at <http://www.juandemariana.org/pdf/090327-employment-public-aid-renewable.pdf>).

### Case Study: Shepherds Flat Subsidy

A leaked October 25, 2010 memo to President Obama from his chief environmental and economic advisors (Carol Browner and Larry Summers) complains of waste in Recovery Act wind subsidy programs, citing as one example the Shepherds Flat 845-megawatt project in Oregon, which on completion will be the largest U.S. wind farm.

Of the \$1.9 billion project cost, over \$1.2 billion is subsidy. The owners have just 10% "skin in the deal" while receiving 30% return on equity. The cost of the project through 2033 amounts to \$130 subsidy per ton of CO<sub>2</sub> reduction. Obama's advisors note that this is *six times* the government's own assessment of the value of that CO<sub>2</sub> reduction.

Thus, while the project falls far short of the government's own test of cost effectiveness, the public will provide the equivalent of \$4 of subsidy from every man, woman, and child in America to the owners of this single project (primarily GE). The project is expected to create 35 permanent jobs. A wide range of CO<sub>2</sub> reduction and job creation options is available at far less cost.

Read the memo at <http://rfflibrary.files.wordpress.com/2010/11/wind-energy-loan-wh-memo.pdf>, or search "Browner Summers Memo."

### Rights

**Public taking for private profit.** Along hundreds of miles of MSTI, Montanans face the taking of property use and rights by government sanctioned confiscation of private land through eminent domain:

- The state and federal government would allow this even though MSTI is purely an export line, providing *not one spark of energy* to Montanans; and,
- NorthWestern Energy Corporation could even profit by *selling* its permit to condemn land for MSTI to a foreign corporation – and take up to ten years to do it.

**Lock-out of local input.** The right of impacted local governments to influence the planning of MSTI has been grossly ignored. To some extent, this is being successfully challenged in court through Jefferson County's lawsuit against Montana Department of Environmental Quality (DEQ), providing future benefit to local governments state-wide.

### MSTI ≠ Renewables

**Renewables for Montana.** Utility scale wind development can occur in Montana for Montana use without MSTI. Judith Gap was developed without MSTI. Distributed generation saves the wasteful voltage loss and habitat destruction of long-distance transmission.

**Renewables for export.** Wind power *can also be exported* from Montana without MSTI. A proposed 500 megawatt upgrade to the existing BPA 500 kV line from Colstrip to the west coast would provide capacity for 10 to 15 new Judith Gap-sized projects.

**Montana's "renewable portfolio standard" debate is a separate issue.** Debate currently surrounds whether Montana should eliminate, retain, or raise its renewable energy portfolio standard. MSTI raises rates and kills jobs regardless of the outcome of this debate. The immediate rate and jobs risk of MSTI comes from exporting Montana's legacy coal and hydro generation.

# Higher rates kill jobs. Re-think MSTI.

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