

A blueprint for energy-driven economic growth

A recurrent theme in the ongoing discussion of economic stimulus plans is that projects should be "green" in nature. For Western New York, this would truly be a case of déjà vu, for renewable energy from Niagara Falls was long the backbone of the economy.

But gains from renewable power were more than an accident of nature. In 1887,



RENEWABLE ENERGY

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foresighted Buffalo business leaders offered a \$100,000 reward — a staggering sum for that time — to the successful designer of a power-transmission system that would bring the (renewable) energy of Niagara Falls to the city. Although the contest was unsuccessful, persistence paid off, Niagara was soon tamed, and by the time the first hydropower reached the City of Buffalo in 1896, renewable energy had already created the world's largest electrochemical complex in Niagara Falls.

Renewable energy can again be the source of economic growth if, like those early leaders, we have the courage, leadership and vision to seize the opportunities before us.

What it will take to get us there

What we need to recognize is that investments in clean, renewable energy can in the long term, along with improvements in energy efficiency, provide true sustainable economic development — providing jobs now and in the future — while reducing our dependence on fossil fuels.

Construction projects are likely to dominate any federal stimulus plan. While these projects are needed (and will only dent the infrastructure deficit in our communities), renewable-energy investments like the proposed solar-panel manufacturing facility in Niagara Falls offer the potential for greater long-term economic benefits through creation of high-value manufacturing jobs at the facility and in the required supply chain, as well as through the use of renewable energy in place of fossil fuels.

Ideal projects will meet the goals of creating employment while addressing energy supply concerns, including reduced dependence on fossil fuels. First on any list should be improving the ability to use renewable energy by addressing the electric grid, that collection of power lines and equipment that brings electricity from generator to user.

One emphasis in the federal stimulus plan is on projects ready for immediate implementation. As a new report by the Gridwise Alliance notes, many projects aimed at creating the "smart grid," an upgraded transmission system possessing the information flow and command-control structure necessary to maximize energy efficiency, are already underway or awaiting approval, but a federal boost to spending could create 150,000 new jobs in 2009. A U.S. Department of Energy study states that a mere 5 percent increase in the efficiency of the nation's electric grid would permanently eliminate the fuel and greenhouse-gas emissions equivalent to 53 million cars.

Another new study, this one by IBM, claims that a five-year investment in the smart grid, at a rate of \$10 billion per year, will lead to 239,000 new jobs. According to Christopher Caine, vice president of government programs for IBM, "Building the smart grid will spur a host of innovative new products and services from hybrid plug-in electric vehicles to smart appliances to more investment in renewable energy." Investment in the grid is also essential for meeting President-elect Barack Obama's announced goal of doubling the nation's production of renewable energy.

Leading the charge

Some state and local officials clearly recognize the benefits of encouraging investments in renewable energy, and have demonstrated the leadership needed to move us forward. State Sen. George Maziarz led efforts to adopt the new "net metering" law, under which surplus energy produced by small renewable-energy systems is purchased at retail rather than wholesale prices, significantly reducing the payback period for these systems. The image of rooftops filled with electricity generating solar cells is closer to reality thanks to Maziarz' legislative efforts. The vision of Lackawanna Mayor Norman Polanski helped create the unique urban landscape of the Steel Winds project while guiding the redevelopment of the steel-plant property with a focus on clean-energy projects

While Gov. David Patterson has been a strong supporter of renewable energy, I respectfully submit that even in these difficult times, more can be done. For example, under the governor's budget plan, \$300 million would be transferred from the New York Power Authority to the general fund — the latest in a long line of one-time state budgetary fixes. A better use would be creation of a New York Energy Stimulus Plan ordering NYPA to expend the \$300 million over the next 24 months on grid improvements and renewable-energy projects, creating not only the short-term jobs we need, but tax revenues (from income taxes and private investment) and solutions to energy and pollution concerns. And, yes, it would be a nice touch if the enabling legislation required that a significant portion of the NYPA monies be invested in those parts of the state (like Western New York) that created the surplus funds in the first place.

Pursuing the offshore wind capabilities of Lake Erie and Lake Ontario, as recommended in a University at Buffalo Law School study, should also be a priority. Through the New York State Energy and Research Development Authority, a generic environmental impact statement for use of the lakes should be prepared. This would form the basis for a formal request-for-proposal process.

First steps

On the local level, municipalities can reduce their carbon footprint and improve their bottom line (which is more important to most residents) by requiring that new municipal buildings and improvements to

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existing facilities be energy-efficient and incorporate renewable energy whenever possible.

But examples also abound of actions local governments can take that would not require taxpayer funding. Some examples:

- Enact incentive zoning provisions that reward developers with density bonuses or decreased setbacks for green projects. New York permits the adoption of incentive zoning where the community receives a benefit or amenity — in this case, reduced emissions and less demand on the electric supply chain — in return for providing relief from use or bulk restrictions. Communities can be more aggressive by, for example, limiting developers to 80 percent of density allowed under current zoning unless minimum renewable-energy and energy-efficiency requirements are met.

- Adopt green building codes that will lead to energy-efficient homes and businesses.

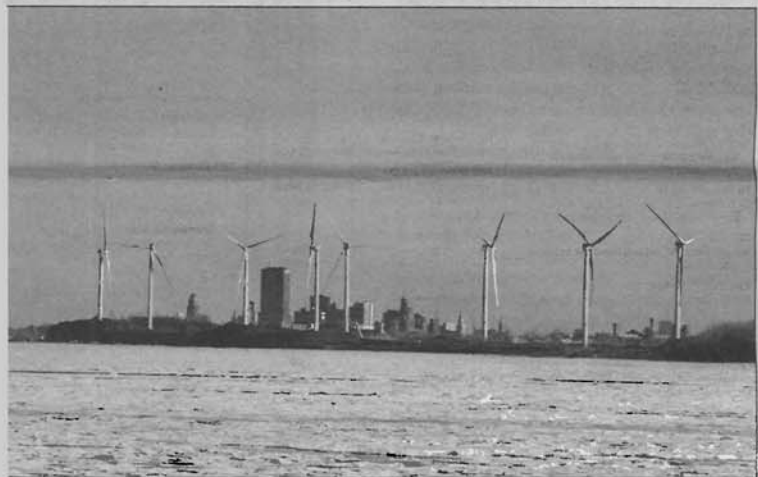
- Require larger commercial structures, particularly big-box stores, to utilize renewable energy sources such as geothermal and solar as an integral part of their project. Many large chains have aggressive programs to outfit their stores with these systems, taking advantage of state and federal credits;

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local regulation can make this the rule rather than the exception.

- Require new subdivisions to include solar-access easements through deed restrictions and homeowner-association covenants. Homeowners will not install solar panels if their investment can be rendered worthless by a neighbor's trees.

Investment in renewable energy is paying dividends in Western New York. In just three towns in Wyoming County, for example, by the end of 2009 wind projects currently operating or under construction will have paid local landowners more than \$1 million in royalty and lease payments and, through direct-transfer payments, eliminated more



The Steel Winds project in Lackawanna, which became operational in 2007.

than \$2 million in town taxes.

If we are willing and ready to make the investment, significant benefits in the form of job growth and reduced fossil-fuel emissions can be achieved on an unprecedented scale across the region.

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