Town of Colebrook

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The Energy and Technology Committee
General Assembly, State of Connecticut

RE: (1) S.B. No.949 (Raised) An Act to Establish Commercial Industrial Property Tax Exemptions for Clean Energy Projects
(2) Proposed S.B. No. 203, An Act Concerning Property Tax Exemptions for Renewable Energy Sources

Ladies and Gentlemen:

As the First Selectman of the only Town in Connecticut in which, to date, the Connecticut Siting Council has approved industrial/commercial wind turbines (three 1.6 megawatt wind turbines at two different sites for a total of six wind turbines, each to have a total height above ground level of 463 feet measured to the apex of the turbine blades), I believe the Town of Colebrook can approach the proposed assessment tax exemptions embodied in the above Bills from a unique perspective. For your information, the Town took no position before the Siting Council either in favor of or against industrial/commercial wind turbines in general or with respect to the locations proposed for these particular wind turbines, but presented testimony to and sought protection from the Siting Council relating to the very significant impacts to the Town that industrial/commercial wind turbines could create.

Although this letter addresses municipal assessment exemptions relating primarily to wind turbines, the comments which follow would apply in general to all types of clean energy generation.

It was apparent from the information presented to the Siting Council by all parties in interest with respect to the two Colebrook Petitions that, at the least, there were a number of issues associated with large industrial/commercial wind turbines which would be of concern to any municipality: Town infrastructure (roads, intersections, drainage facilities, etc.) could be damaged and require repair/reconstruction on account of activity during and after the period of time in which the wind turbines and appurtenances relating thereto were being constructed, repaired/replaced and

eventually decommissioned and removed; the need for engineering expertise relating thereto; erosion, sedimentation and wetlands issues during construction and decommissioning periods; unusual fire protection issues which might be associated with the wind turbines; prompt decommissioning of those wind turbines which might be permanently taken out of use; noise studies; and appropriate bonding relating to the foregoing (collectively the "Municipal Concerns").

Our experience in Colebrook is such that I believe the best way for a Town to address Municipal Concerns is through a so-called Host Community Agreement between the Town and the large industrial/commercial wind turbine operator (the "Operator"). Unfortunately, there is no legal requirement whatsoever requiring an Operator to enter into any such agreement with the Town. Normally such agreements have as a cornerstone provisions concerning municipal assessment and taxation - since the Operator is normally very concerned about predicting and reporting expected expenses. If such industrial/commercial wind turbines were to be exempt from municipal assessment/taxation, there would be no incentive for the Operator to negotiate and consummate any Host Community Agreement with the Town - which would be a substantial detriment to the Town.

Turning to the specific Bills mentioned above:

1. S.B. No. 949 (Raised).

This Bill does not attempt to make any distinction between (a) wind turbine projects designed to offset the cost of electricity to be consumed on a specific commercial or industrial property, such as the needs of a local factory and (b) a project which is designed to generate electricity far beyond the needs of any facility existing on the property from which the generation of electricity is being produced, such as large industrial/commercial wind turbines.

Inasmuch as Subsection (B) of S.B. No. 949 specifically defines a "clean energy project" to mean "any project at a commercial or industrial property that supports, promotes or stimulates demand for or deployment of clean energy, defined in subsection (a) of section 16-245n . . .," such definition would include the industrial/commercial wind turbines approved by the Siting Council in Colebrook, since the same would certainly support or promote the deployment of clean energy, as so defined.

Although the Bill requires authorization of the exemption by ordinance in the municipality, if the municipality wanted to exempt from assessment a small wind turbine to be used to offset a local factory's electrical consumption, the Town's adoption of the required

ordinance would exempt large industrial/commercial wind turbines designed to create energy to be consumed off site. As noted above, any assessment exemption relating to large industrial/commercial wind turbines would not benefit a town. In a Town like Colebrook for instance, such industrial/commercial wind turbines might be the largest industrial/commercial enterprises in Town, yet the Town would have no control over their location or any of the particulars of operation. In addition to the lost revenues associated with an industrial/commercial enterprise over which the town had no significant role approval process, the town would not even have any leverage in connection with negotiating a sensible Host Community Agreement - if there were an assessment exemption.

Proposed S.B. No. 203:

The Statement of Purpose for S.B. No. 203 can certainly be read as an expansion of that exemption currently embodied in Section 12-81(57) of the Connecticut General Statutes which deals with the exemption of Class 1 renewable energy sources installed for the generation of electricity for private residential use or on a farm. However, subsection 57 specifically provides that such installation "is for a single family dwelling, multi family dwelling consisting of two to four units or a farm; i.e. the renewable energy source is associated with a particular residential use or a particular farm use. However, the Bill, as written, is much broader and would include large industrial/commercial wind turbines under any such exemption such as those approved by the Siting Council to be located in Colebrook. Thus, all of the comments set forth above concerning S.B. No. 949 would be equally applicable to S.B. No. 203.

To Summarize: I believe that there should be no assessment/tax exemption for large industrial/commercial wind turbines, even if they represent clean energy.

Although I am unable to attend the public hearing on the above Bills, I appreciate the opportunity to present our written testimony, as set forth above.

Very truly yours,

Thomas D. McKeon
First Selectman