

September 8, 2009

SAN LUIS ECONOMY ENERGIZED BY SOLAR PROJECT *(from San Luis Obispo Tribune, written by David Sneed)*

The plants will stimulate the economy, especially during construction, and diversify its business base. Local schools of all levels are expected to expand their renewable energy curricula and use the solar plants as learning tools.

The biggest long-term benefit of the solar plants will be diversification of the economy, said Michael Manchak, president of the Economic Vitality Corp. of San Luis Obispo County.

The county's economy is dominated by tourism and government jobs, and adding a whole new component would be a significant improvement, he said.

"This county is so thin on head-of-household jobs that any opportunity to develop clean jobs is a good thing," Manchak said. "It all creates that critical mass."

And there's the ripple effect, he said. The plants could attract like-minded companies to the county, and the dollars they generate would turn over several times within the local economy.

The plants are expected to create about 100 permanent jobs. Three quarters of those would work at Ausra's solar thermal plant, which would generate at least \$4 million in annual payroll.

Working in a green industry

Mark Schniepp, executive director of the California Economic Forecast in Goleta, said it would be a mistake to overestimate the economic benefit of the solar plants, given that only 100 permanent jobs will be created.

Not all of the jobs they will create will be head-of-household jobs, he said. Their biggest benefit will be to create a new segment to the county's economy.

"The money they will bring in will be from outside the county, but a hotel does that or a winery," he said. "They will bring a prototypical green industry, and that's a move in the right direction."

The plants would generate a much larger short-term surge during the construction phase, which is expected to last three years. Hundreds of millions of dollars' worth of payroll would be spent building the plants.

Ausra and First Solar each expect their construction payroll to be \$170 million. SunPower expects its construction payroll will be more than \$50 million.

Up to 1,000 workers are expected to be employed by the three companies during construction. Wages for construction workers of this type typically range from \$30 to \$40 per hour.

Wages for construction workers at the photovoltaic plants are liable to be less because the work requires fewer industrial and engineering skills. The upside is that workers can be trained quickly, increasing the likelihood they will be local hires, said Ingrid Ekstrom, SunPower spokeswoman.

The solar companies say they expect to hire most of the construction workers from San Luis Obispo County with others coming from Kern County, depending on their specialty. They also say they will purchase as much of their construction materials as possible locally to maximize benefit to the county economy.

Little property tax boost

Normally, the construction of large-scale commercial plants would be a significant boost to county property tax revenues.

However, state law exempts equipment and buildings installed at solar plants from property tax increases until 2016 as an incentive to build the plants.

The underlying value of the land upon which the solar plants will sit is expected to go up somewhat, but it's barely worth counting, said Kathy Hanneman, the Atascadero Unified School District's assistant superintendent for educational services and principal of the Carrisa Plains Elementary School.

"We are expecting some revenue from building fees and increased property taxes, but this is expected to be negligible," she said. "The real value of all this to us will be educational."

First Solar is planning on donating a 30-kilowatt photovoltaic system to the elementary school. In the fall the district will launch a new renewable energy curriculum for 74 incoming ninth-graders that will use the solar plants as an educational resource.

"We are a partner in this for whatever our students can receive," Hanneman said. "It's our responsibility to take advantage of these opportunities when they present themselves. Renewable energy is the future of our country."

No specifics are worked out yet, but partnerships with Cal Poly's College of Engineering and Cuesta College for research programs, internships and vocational education are considered likely. All three solar companies say they are interested in such partnerships.

Tourism potential

It's even possible that California Valley itself could become a destination for people interested in learning about solar power.

With this in mind, SunPower will build a 2,000-square-foot visitors center and install three overlooks, where the public can view the company's California Valley photovoltaic arrays.

What is less clear is whether additional solar plants would follow the three that are already proposed. Once the county has earned a reputation as a place where renewable energy plants can be approved, other proposals could follow.

“These San Luis Obispo projects are important,” said Sue Kateley, executive director of the California chapter of the Solar Energy Industry Association. “San Luis Obispo, in a sense, will demonstrate that these commercial solar plants are doable and that’s an important milestone.”

In fact, it’s already happening, said Sam McIntosh, Ausra’s vice president of operations. Ausra was the first solar company to look at San Luis Obispo County, and when it determined that California Valley had good possibilities, the two photovoltaic companies soon followed.

Additionally, the state Independent System Operator, the agency that runs the state’s electrical grid, keeps a master list of new power plant proposals. This is considered an accurate indicator of serious proposals to build new power plants, said Gregg Fishman, ISO spokesman.

Multiple projects were proposed for San Luis Obispo County but were then withdrawn after the agency made it more difficult and expensive to maintain a position on the list. The three current solar projects are the only ones on the list proposed for San Luis Obispo County.

The state Energy Commission studied the electrical transmission lines that run through the county and found that theoretically as many as 23 more solar thermal plants could be built in the Carrizo Plain area adjacent to the power lines.

Others are skeptical. There’s a big difference between identifying available land adjacent to power lines and actually building a power plant there. The energy agency is not aware of any other solar plants planned for the Carrizo Plain, said Percy Della, commission spokesman.

Terrain, ownership, the tax status of the land and many other factors limit where power plants can be built, said Paul McMillan, SunPower project manager.

“I think that, if the three projects get going, that should be sufficient,” he said. “I don’t see there being unlimited solar projects for California Valley.”