

WIND FARMS COULD BE LEASED OFF COUNTY COAST

The Facts : September 18, 2007

Wind farms could be leased off county coast

By Hunter Sauls
The Facts

Published September 18, 2007

There's a new player in the Texas off-shore energy production market — wind energy.

The Texas General Land Office has announced it will offer the nation's first competitive leasing of 73,098 acres of state-owned waters in the Gulf of Mexico for wind turbine farms, said GLO spokesman Jim Suydam. Bids will be accepted until 10 a.m. Oct. 2, when the winner with the highest bid will be announced by Land Commissioner Jerry Patterson in Austin, he said. The tracts up for bid are off-shore of Brazoria, Cameron, Calhoun and Jefferson counties.

Just as in leasing areas off the Texas coast for oil and natural gas, the money raised will go directly into the state's Permanent School Fund, which helps fund public schools, Suydam said.

"We're going to lease out the tracts just like we do for oil and gas," he said. "It's an energy lease. The difference is that we are going into a renewable resource, and it benefits our schools."

In 2005, a tract off Galveston was leased to Galveston-Offshore Wind, a subsidiary of Wind Energy Systems Technology LLC based in Louisiana. They hope to start putting up wind turbines in the Gulf as early as 2008. Galveston-Offshore Wind's calls to buy even more off-shore tracts spurred the land office into offering the new tracts, he said.

"They're trying to corner the market on Texas wind energy," Suydam said.

This latest offering is a response by the General Land Office to the interest the Galveston bids generated. It also is a good deal for Texas since the \$25 billion school fund will begin to depend on renewable rather than non-renewable sources for income, Suydam said. The revenue generated from the Galveston tracts is expected to be more than \$26.5 million, and the revenue from the new tracts hopefully will be even more, he said.

"With oil and gas, the revenue is eventually going to drop off because they're limited resources," Suydam said. "If we are in wind energy, we can keep raising money forever."

Suydam said there already is a "great deal" of interest in the project, even from companies in the United Kingdom. They are attracted by Texas' deregulated energy market and business-friendly tax policies, he said.

"It's a lot easier than anywhere else in the U.S. to develop this kind of energy," Suydam said. "Wind energy will take off for the same reasons that the oil and gas market have grown so healthy."

The continental shelf in the Gulf off Texas is ideal for placing these wind turbines, just as with the many off-shore oil and gas platforms. It remains shallow, about 60 feet deep, all the way out to the end of Texas' property line at 10 miles out, he said. Texas also owns a larger amount of the Gulf than other states because of the terms with which Texas entered the United States. Other states can claim only out to 2 miles off-shore, he said.

Although raising the wind turbines might be easier in the shallow water, developers still will have to contend with nature in laying the power lines carrying the electricity to landbound consumers,

said Tom Kleckner, a spokesman with TXU Energy subsidiary Luminant Energy.

“You’re going to have to connect it to the grid,” Kleckner said. “That means building and maintaining the transmission infrastructure. It’s not as simple as building the wind turbines.”

He said the effects of the saltwater could increase the cost of maintaining the underwater lines running from the farms.

TXU is the state’s largest purchaser of wind energy, and there have been issues with bringing in the energy produced by wind farms in West Texas, he said.

The problem is to narrow down who will build the transmission lines because, in the past, as the current infrastructure was built, local offices of larger companies built the lines, he said. This was when the energy market in Texas was regulated and vertically integrated into large companies.

Copyright © 2007 The Facts