



Examples of Our Work

Socio-Economic and Fiscal Impact Analysis and Negotiation Support of 500- Megawatt Solar Energy Generation Project

Client: Inyo County, California

Gruen Gruen Associates (GG+A) was engaged by Inyo County, California in November, 2010 following BrightSource Energy Company's (BSE) submission of an Application for Certification (AFC) to the California Energy Commission (CEC). The CEC has jurisdiction over land use and related approvals for all alternative energy projects in the state. BrightSource's AFC was for the 3,277-acre Hidden Hills Solar Electric Generating System Project in Inyo County, containing two 750-foot towers and 170,000 billboard-size mirrors. GG+A was asked to research and prepare a report on the likely socio-economic and fiscal impact on the County of the proposed project's construction and operation. GG+A was also tasked with reviewing and responding to a series of analyses and forecasts prepared by consultants to the applicant and the CEC; these included the original AFC, estimates of socio-economic and fiscal impacts prepared by consultants working for the CEC, and updates to these reports following responses made by GG+A on behalf of the County .

Working with the County departments likely to be responsible for providing services to the proposed project, GG+A forecast the likely costs to the County of the project. These estimates were combined with GG+A prepared estimates of likely revenue to the County from the project, to estimate the net fiscal impact of the project on the County. In addition to consideration of socio-economic issues, GG+A also reviewed and commented on the economic (jobs and income) estimates prepared by consultants to the CEC staff using the JEDI input output model.

GG+A's estimates of social, fiscal and economic impacts differed significantly from those prepared by the consultants working for the applicant and the CEC. For example, CEC consultants forecast the County expenditures likely to be induced by the project's three-year construction period to be \$3,300,000, while the estimate prepared by GG+A working with County staff was \$11,100,000. The CEC's consultant estimate of ongoing County expenditures after the first three years of operation was \$58,000 per year, while the Inyo County/GG+A prepared forecast was that the County would have to spend an additional \$1,700,000 annually as a result of the project's operation. Differences in expected revenue were equally great, with the CEC /applicant team suggesting a net positive impact, while GG+A forecast a budget-busting deficit would be induced.

After a December meeting with the Inyo County Board of Supervisors, BSE rejected the terms of an agreement to provide the County sufficient funds that would allow the County to recover the local costs induced by the project. A CEC hearing to consider the project was scheduled for March 13, 2012 in Shoshone. Prior to the hearing, the County filed 26 documents supporting their contention that the project should not be certified unless the sponsor accepted being a party to a contract under which BSE or its successors would pay Inyo County the taxes and fees likely to cover the County costs induced by the project. Included in the Documents was a GG+A paper, *The Reliability of Energy Commission Forecasts of the Socioeconomic Impacts of the Proposed Hidden Hills Solar Electric Generating Facility (HHSEGS.)* Dr. Claude Gruen, the Principal Economist at GG+A, was to chair and Nina Gruen, Principal Sociologist at GG+A, participate in a panel of experts selected jointly by the CEC and the County at the Commission's March 13th hearing.

A few days prior the hearing, negotiations began between the County and BSE. On the day before the hearing, BSE and Inyo County reached an agreement which, among other provisions, called for the HHSEGS project to pay \$15 million (\$15,000,000) to the County, subject to certain credits. The County withdrew its objections to the project and the panel presentation was cancelled.

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