

# Wind Turbines: Don't Overlook the Cost of Abandonment

■ by Jim Ness

Recently, our CAEPLA team manned an information booth at the Canadian Western Agribition in Regina. It provided us with the opportunity to converse with hundreds of Saskatchewan landowners about energy development on private land.

We soon realized the farmers who had recently signed agreements for wind turbine sites on their land, had overlooked some things. The money flashed by the land agent had clouded any strategic or long-term thinking.

In the last few years land companies have expended a lot of effort to acquire parcels of land that are elevated and prone to wind. They know exactly which land they want too, because land that's suitable for wind generation has been scientifically identified.

The easement agreements these companies want are usually easy for them to acquire. The land agent arrives at the farmer's door with some up-front money and the promise of a small annual pay-



A convoy carrying the body of a wind turbine makes its way to an already prepared foundation.



Recently, our CAEPLA team manned an information booth at several farm shows. It provided us with the opportunity to converse with large numbers of landowners about energy development on private land.

ment. Unsuspecting landowners who don't look past the initial financial offer, never hear the rest of the story. Many don't even read through the agreement, in some cases because they falsely believe the government will look after them. Many landowners enter into these one-sided deals without asking for professional advice.

## Blocks of Easement Agreements are Extremely Valuable

What many landowners with wind agreements don't realize is that after a land company puts together a block of signed easement agreements in an area, it can easily sell them to another company for a windfall profit. This reselling process can happen several times before development even gets under way.

Signed easements in a block area are worth a lot of money. In fact, so

much money that investment interests from all over the world will stand up and pay attention.

The electric company that does the windmill work may be owned by investors from all over the world. Easements for wind turbine construction are "blanket easements." That means as soon as the farmer signs the agreement, the company that has the easement holds more interest in the land than the farmer. From that day forward, without the express written permission of the wind turbine company, no further development of the land by the landowner is permissible.

## Don't Overlook the Implications of Abandonment

Especially important is that many landowners sign agreements for wind turbines without considering



Foundations for wind turbines can be many feet deep and wide. A staggering amount of steel and concrete go into them.

the implications of abandonment. What will the next generation face

after the project is abandoned, or if the company goes broke? How will land prices be affected?

There are gargantuan blocks of concrete and steel sticking out of the ground that are megatons in weight, and that will be left behind unless the abandonment issue is specifically addressed in the original easement agreement. One landowner we spoke to admitted that the agreement he had just signed was for 100 years, and that he had never even considered who would pay the cost of abandonment

and reclamation. (The cost of reclamation in the future may end up exceeding the value of the land.) So if a land agent drops by to talk with you about an easement agreement, saying a company wants to install a wind turbine on your farm, keep in mind that the land agent is not inviting you or your family to be a partner in the project.

Neither is the land agent obligated to tell you everything you might want to know about the proposed project. His job is to get you to sign an easement agreement.

## When the Wind Turbine Guys Knock on Your Door

*Recently, CAEPLA received an email from a Saskatchewan landowner who inquired about the possible implications of wind power. As an association, CAEPLA's primary considerations are oil, gas, and pipeline projects. Nevertheless, CAEPLA Coordinator, Kevin Avram, responded to the inquiry with the following information.*

There are more opinions about wind power than many might think. I would suggest you visit the website of the Frontier Centre for Public Policy ([fcpp.org](http://fcpp.org)), and do a search on wind power. Also, you may want to review material at the CATO Institute ([cato.org](http://cato.org)) and the Property & Environment Research Center ([perc.org](http://perc.org)).

More than a few people claim that there are some wind projects out there where the remediation cost (reclamation of the land) may end up costing more than the land is worth. I am not sure this is correct, but the point I would make is that there are implications for the landowner beyond a modest annual payment. The amount of steel and concrete that go into some wind turbine foundations is absolutely staggering.

You will find that there are studies, debates, and comments out there about such things as bird kill, ice throw, and the possibility of an increase in the rodent population due to bird kill.

Some claim that the wildlife population will exit the area. Other people say that insurance rates might eventually edge up if a farm site is located in close proximity to a turbine. That there can be implications on land values is rather obvious—even for the neighbours. Some people may not want to live in close proximity to a turbine.

Other people have expressed concern about orphaned turbines. An



Wind Turbines: There are implications for the landowner beyond a modest annual payment.

orphan oil well is a well where the owner has gone broke or is no longer in business.

Provincial governments have moved to set up orphan well funds or rehabilitation processes, but even so, the amount of available capital in these funds proportionate to the outstanding liability, is a mere pittance. You may want to investigate the implications of an orphaned wind turbine.