

# THE FURROW

A hand is shown pouring a dark liquid from a large, light-colored ceramic jug into a red gas can. The gas can has the word "GASOL" embossed on it. The background is dark, and the lighting highlights the textures of the ceramic and the plastic of the gas can.

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SPECIAL ISSUE

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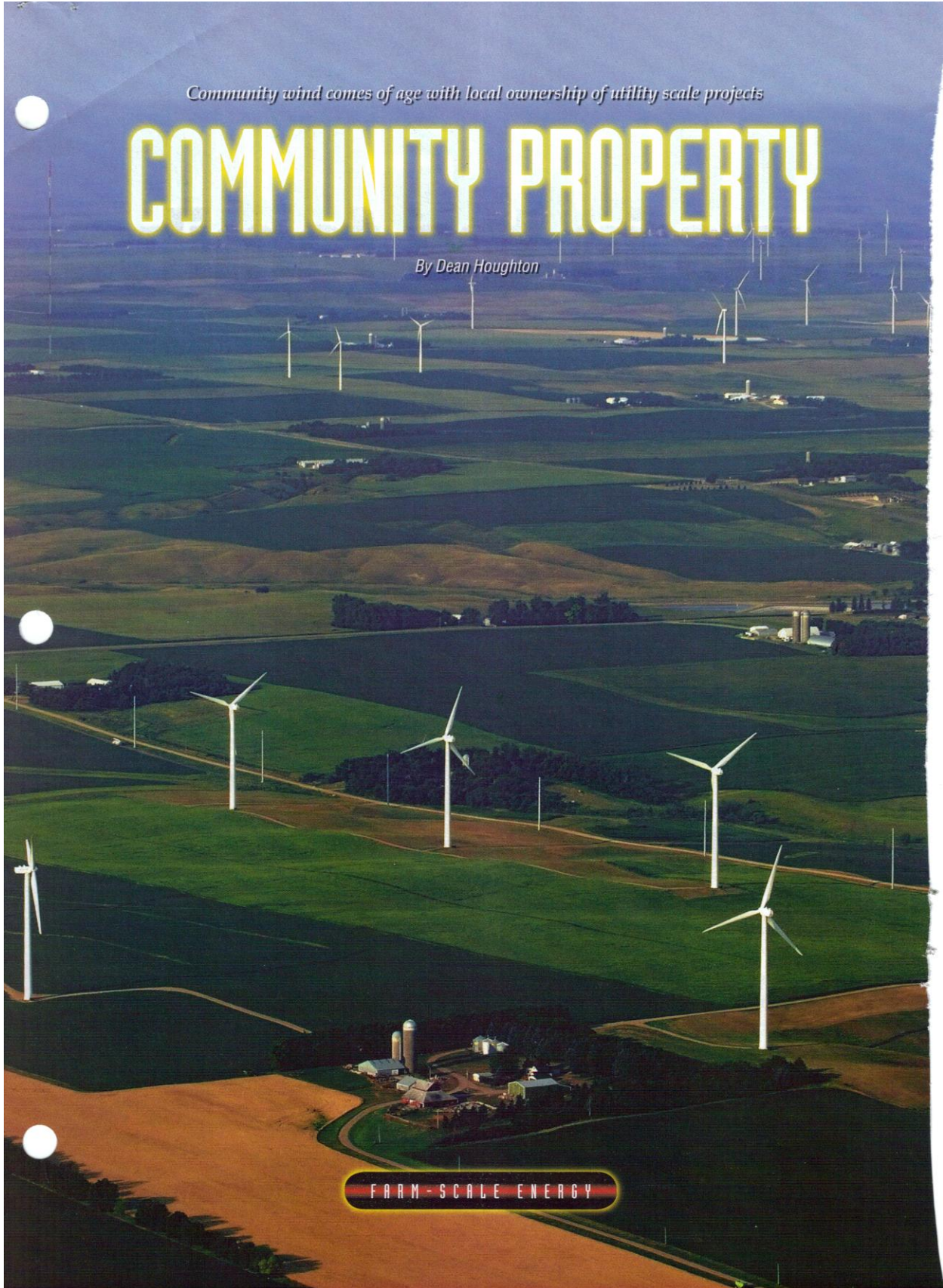
And much more

*Community wind comes of age with local ownership of utility scale projects*

# COMMUNITY PROPERTY

*By Dean Houghton*

FARM-SCALE ENERGY



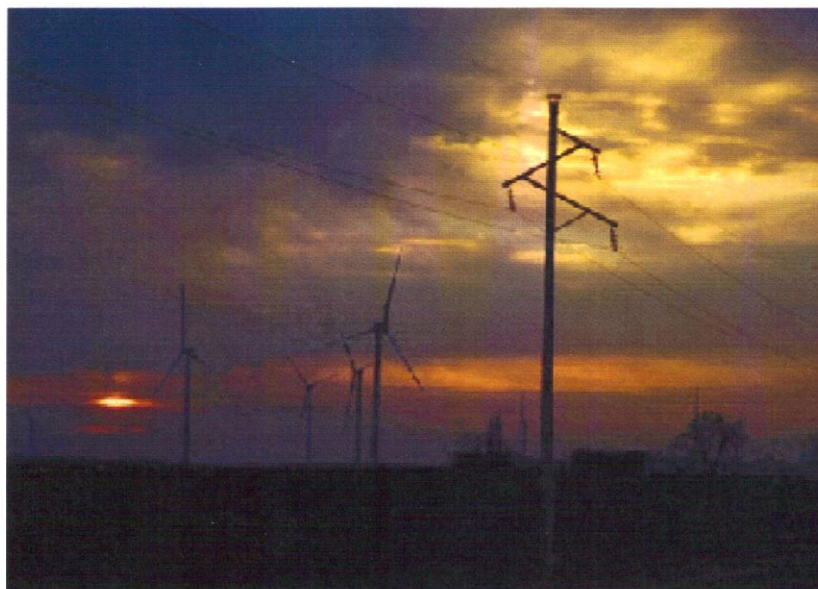
**M**innesota farmers figured out how to capitalize on renewable energy by leading the way in farmer-owned ethanol. They're now getting a handle on how to capture the benefits of another renewable resource by developing projects known as community wind.

The state has created incentives to promote community-based energy development through its New Generation Energy Act of 2007. These C-BED projects must be set up so that 51% of profits are returned to Minnesota community members over the life of the project. Minnesota has a mandate to produce 25% of its energy from renewable resources by 2025.

**Locally owned.** Larry Goeman and a group of farmers decided to follow the community based model in developing a 50 megawatt (MW) wind farm near Jeffers, Minn. One megawatt powers about 300 houses.

"We decided to raise the seed money locally, and started with the local landowners first. The next step was

►**Left:** Wind turbines sprout like a new farm crop on the area of Minnesota known as Buffalo Ridge. Development here is a mix of conventional and community wind projects. ►**Below:** The need to build or upgrade transmission lines can be an obstacle to wind energy projects.



to offer it to anyone in the Jeffers area, anyone with a 56145 zip code. We raised the money quickly."

Wind energy isn't free, of course. Towers appear to simply sprout from the earth, but they are anchored in a base that requires 450 cubic yards of concrete and 40 tons of reinforcement rod. All told, a 50 MW project requires about a \$100 million investment.

**Size matters.** "We worked with an institutional financier who is able to take advantage of things like tax credits and accelerated depreciation," Goeman says. "Very few farmers can use those kind of dollars, so you go out and look for someone who can."

Farmers teaming up for large-scale projects is a sign that community wind is coming of age. That's according to Pat Pelstring, co-chairman of a Minneapolis company called National Wind. The firm specializes in utility scale, community owned projects, with more than 2,000 MW under development in upper Midwest states.

"Community wind began with an individual farmer putting up a fairly small turbine," Pelstring says. "It has evolved so that, under our model, farmers and landowners can compete head-to-head with major wind developers. If you get 60 or 70 landowners involved and put together a 100 MW project, it works better for everyone."



►**Above:** Larry Goeman led efforts to take advantage of the wind resource near Jeffers, Minn., by developing a landowner-driven wind project.

Larger projects help spread overhead costs that can sink a smaller effort. For example, transmission lines often are located far from the ideal turbine locations, and building a line to carry the power away from the site can cost \$400,000 a mile. Wind studies and environmental evaluations cost about the same whether a project is large or small, further tipping the scales in favor of "mega" projects.

**Ownership flip.** These larger projects also offer the opportunity for some fancy footwork, under the business structure of a limited liability company, for the community to share a significant portion of the profits from wind. Pelstring explains that an investor can receive the lion's share of revenues during the early stages of the company, when tax advantages are being realized. Then, a prearranged ownership "flip" can take place, giving the community owners the lion's share of cash flow in later years.

That's the way Goeman's project is structured. "We wanted to capture some of those dollars for farmers and to help support the rural communities that seem to be slowly dying," he says. "The project has brought a lot of activity to Jeffers, and there will be two to five full-time employees who are based in the community to handle operation and maintenance."

It's all part of the returns for community wind. "With mandates from the states, you'll see more wind power going in," Goeman says. "We thought we might as well be part of it." ■

