

Community Energy in Minnesota



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Wind on the Wires

Overview

- Background on Wind on the Wires
- Recent Minnesota community energy programs
 - » Farmer owned cooperative ethanol plants
 - » Minnesota Renewable Energy Production Incentive
 - » Community-Based Energy Development
 - » Other supportive programs
 - CERTS; Dispersed Renewable Generation study; REDI
- Legislative outlook for 2009
 - » HF 357 (Falk)/SF 399 (Kubly)
- Q & A

Background on Wind on the Wires

- **Organized** in 2001 to overcome the barriers to bringing wind power to market in the Midwest. WOW is a collaboration between the wind industry and clean energy advocacy organizations in the Midwest.
- **Members** – Wind developers, clean energy advocates, goods & services providers
- **Work in 3 areas**: technical, regulatory/legislative, education/outreach
 - **Technical** – work with electric utilities and Midwest Independent System Operator (MISO – regional “grid” operator) on transmission planning for wind
 - **Regulatory/legislative** – actively promoting state and regional policies and decisions to advance wind power
 - **Education/outreach** – speak to many people and groups about our work and issues
- **Support** – Foundations and membership dues.



Wind on the Wires Members

green – non-profit

blue – developers

pink – goods/services providers

American Wind Energy Association*	Izaak Walton League of America*
BP Alternative Energy	John Deere*
Clipper Windpower*	M.A. Mortenson
D.H. Blattner & Sons	Midwest Wind Finance
Clear Wind	National Wind
Environmental Law & Policy Center*	Navitas/Gamesa Energy
enXco	PPM Energy/Iberdrola*
E.on Climate & Renewables	Geronimo Wind/Rahn Group
FPL Energy*	RENEW Wisconsin*
Fredrikson & Byron	RES-Americas, Inc*
Fresh Energy*	Stoel Rives
GE Energy*	Suzlon Wind Energy
Tradewind Energy	Vestas
Horizon Wind Energy	Windlogics
Intertribal Council on Utility Policy*	Windustry
Infinity Wind Power	

* denotes WoW Board member

Our Perspective

- Energy efficiency and wind energy are the least cost electricity alternatives
- Any least cost electricity supply portfolio or cost-effective climate strategy must rely heavily on aggressive energy efficiency and wind deployment
- Our focus is on policies to promote Midwest wind development & the transmission necessary to bring that wind energy to market
- To make wind the substantial energy resource we need it to be, we need significant additions of new transmission capacity in the Midwest

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Farmer owned cooperative ethanol plants

- 13 of Minnesota's ethanol plants
- Acted as “economic anchors” during periods of low commodity prices

MN Renewable Energy Production Incentive

- For small wind projects under 2 MW
- State incentive of 1.5 cents per kwh
- Utility PPA of 3.3 cents per kwh
- 200 MW of projects, fully subscribed in 2004



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Community Based Energy Development (CBED)

- Enacted in 2005
- Front-end loaded tariff
- Utilities required to look for community projects
- Governor Pawlenty: 800 MW by 2010 (Xcel: 500 MW by 2010)

CBED Progress to Date:

- 2.5 MW in operation as of January 2008 (1 project, 1 utility)
- 120 MW in operation as of January 2009 (8 projects, 6 utilities)
- Utilities & developers may be learning how to integrate CBED into the supply mix



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Other Supportive Programs

- **Clean Energy Resource Teams (CERTS)**
 - Organizes the state into 7 regional teams to work on renewable energy & energy efficiency projects with citizens, utilities, businesses
- **Dispersed Renewable Generation study**
 - Technical engineering study looking for opportunities for 1200 MW of dispersed renewable generation (10-40 MW) capacity
 - Phase I found 600 MW of capacity, but also that interconnecting that capacity has impacts on the high voltage grid; Phase II underway
- **Rural Energy Development Initiative**
 - Provides organizing and technical assistance to rural entities seeking to develop wind energy projects

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So, where do things stand for community wind here?

- 200 MW of 2 MW projects under the MN REPI program
 - 100 MW of Community Participation wind (Trimont)
 - 120 MW of Community-Based Energy Development
-

420 MW of community wind (~ 25% of total wind)

By far the most of any state or province

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Legislative Outlook for 2009 Session

- HF 357 (Falk)/SF 399 (Kubly)
 - » 800 MW of projects 5 MW and under
 - Utilities required to purchase power from these small CBED projects
 - Premium price set according to the previous year's MISO average day ahead market price
 - » Standard contract for larger CBED projects
 - » Can look at larger CBED projects if no 5 MW projects available
 - » Goal is rural economic development

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Concerns makes passage in its current form unlikely:

- Draft not ready for legislative action (key definitions & cross references missing)
- Undermines 2007 RES agreement to develop the most renewable resources at the least cost
- Low end of cost estimate range (35% premium over market) results in ratepayers subsidizing each 5 MW project by more than \$10 million
 - Total ratepayer impact over market is at least \$1.5 billion
- Small CBED projects can be owned by single individuals, concentrating the number of beneficiaries
 - $800 \text{ MW} / 5 \text{ MW} = 160$ multi-millionaires
 - Current draft excludes larger projects that have a greater dispersion of benefits
- Will likely need a less costly, more targeted approach to gain broad support (including Administration support)



Questions?

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