



Wind Power for home, farm and business

Policies and Incentives

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Policies and Incentives for small wind projects



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Minnesota's Green Energy Leadership

What we've done so far

- **First biodiesel mandate in the nation**
- **First Net-Metering statute**
- **Most E85 stations in the U.S.**
- **Most community owned wind**
- **Fourth in the U.S. for installed wind capacity**
- **Most aggressive Renewable Energy Standard in the U.S.**



Minnesota's Green Energy Leadership

What we've done so far

Renewables are an increasing portion of energy used in Minnesota

- 11% of electricity
- 10% of gasoline (ethanol)
- 2% of diesel (biodiesel)

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Federal Policies and Incentives

- Small Wind Investment Tax Credit
- USDA Rural Energy for America Program (REAP)
- Accelerated Depreciation



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MN State Policies and Incentives

- Net Metering Policy (< 40kW)
- Sales Tax Exemption
- Property Tax Exemption
- Accelerated Depreciation



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Small Wind Investment Tax Credit (ITC)

- Fed Tax credit for wind systems < 100 kW
- Business: 30% of installed cost up to \$4,000 credit
- Home: \$1,000/kW, up to \$4,000 credit
- for equipment installed from January 1, 2008 through December 31, 2016.
- Pending: Stimulus bill would remove caps, resulting in a true 30% ITC. House and Senate versions identical on this measure. House and Senate have passed their own versions; now goes to conference committee.

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USDA Rural Energy for America Program (REAP)

- Non-metro farms and small businesses
- limited to 25% of a proposed project's cost
- loan guarantee up to \$25 million
- Grant + loan up to 75% of costs



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Accelerated Depreciation - Federal

- Five year depreciation schedule for wind
- Bonus Depreciation for systems installed in 2008:
 - 50% in first year, remaining 50% according to the standard accelerated depreciation schedule.
- Consult your tax advisor for more information.
- Also, see:
 - IRS Publication 946 “How to Depreciate Property” at www.irs.gov
 - And www.dsireusa.org, MACRS + 2008 Bonus Depreciation

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Accelerated Depreciation - State

- Five year depreciation schedule for wind
- State of MN does not fully conform to the federal bonus depreciation system
 - MN disallows 80% of the federal bonus.
- Consult your tax advisor for more information.
- Example calculation at www.energy.mn.gov, search for “bonus depreciation”*
- Also, see: www.taxes.state.mn.us, and search for “bonus depreciation”

*example uses 2001-2004 bonus depreciation of 30%; 2008 bonus is 50%

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- Net Metering
 - Limited to generators under 40kW
 - For generators using this rate, utility pays average retail rate for the customer class
 - Utility sends a check for NEG at the end of each month (annual true-up optional – may have tax advantage if annual NEG is low)
 - Effectively like using the grid as a battery back up
 - Customer must pay for extra meter charge

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Exempt from MN Sales Tax:

- materials used to manufacture, install, construct, repair or replace wind-energy systems (including rental equipment)
- Buyers complete MN Dept of Revenue Form ST3 "Certificate of Exemption"
- sellers keep the form in their files for tax reference
- see: www.taxes.state.mn.us

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Exempt from MN Property tax:

- all real and personal property of wind-energy system
- land on which wind system is located remains taxable



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Thank You!

Additional comments and questions:

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