

## CASE STUDY:

## *Minwind I and II: Innovative Farmer-Owned Wind Projects*



It took almost two years, but in the fall of 2002 one of the first farmer-owned wind projects in Minnesota went on line in Rock County. “We wanted a farmer-owned project that would bring economic development, get farmers a

return on their investment, and use local businesses and contractors to do the work,” said Mark Willers, a project leader and farmer from Beaver Creek, Minnesota.

After extensive research, the group formed two limited liability companies, Minwind I and Minwind II.

This maximized their ability to use tax credits and other incentives while

maintaining the cooperative principles of voluntary and open membership, democratic member control, and concern for the greater community.

Sixty-six investors from the region snapped up all the available shares in both companies in just 12 days. Eighty-five percent of the shares must be owned by farmers, leaving the rest available for local townspeople and non-farmers who could someday inherit shares. Each share gives the owner one vote in the company and no single person can own more than 15 percent of the shares.

Although they coordinate closely, the two companies are governed by separate boards of directors, have different groups of investors and maintain separate financial books. Both groups relied heavily on expertise from consultants to develop the actual wind projects, negotiate the power purchase agreements, and determine the business structure. With the shares sold, the companies began development of the two 1.9 MW wind projects. Each project consists of two Micon 950 kW turbines, and all four turbines are located on the same farm seven miles southwest of Luverne. The group wanted to use land owned by one of the project’s investors, and the farm chosen had the best combination of wind resource and access to transmission lines. According to Willers, the most difficult step in the projects was negotiating a power purchase agreement. Discussions with their rural electric cooperative proved fruitless. There were just too many issues including interconnection requirements, cost, and the cooperative’s long-term exclusive agreement with another power supplier. Eventually, after months of negotiation, Minwind I and II entered into a 15-year contract with Alliant Energy, which will use the power to help satisfy renewable energy standards in Iowa or Wisconsin.

Finding capital for the hardware, consultants and legal fees was easy, because farmers were enthusiastic about investing from the very beginning. Willers believes that it is a myth that farmers do not have the money to finance projects on this scale (Minwind I



*Mark Willers (left) and Tom Arends (right)*

and II will cost about \$1.6 million dollars each and will be paid off in ten years).

Now that the current two 1.9 MW projects are operational, Willers says that there is so much interest from area farmers and other potential investors that they have already begun researching other potential sites and the possibility of doing much larger projects. Willers hopes expansion will allow many more farmers to participate in this innovative model for wind development. “This model is a way for farmers to take

advantage of economies of scale in developing wind, just like the big companies do,” said Willers. It’s a model that can be used all over Minnesota.

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*\*Condensed from: Minwind I & II:*

*Innovative farmer-owned wind*

*projects, Windustry Newsletter, Fall 2002.*

[www.windustry.org/newsletter/2002](http://www.windustry.org/newsletter/2002)

[FallNews.htm](http://www.windustry.org/newsletter/2002)