

Minwind I & II: Innovative farmer-owned wind projects

TWO YEARS AGO, A GROUP of farmers in Luverne, Minnesota began to hatch a plan to build farmer-owned wind turbines in Rock County. Their goal was to find an investment that would generate new income for farmers and have economic benefits for the local community. The rapid growth of the wind industry around the country and the great success of wind farming on the nearby Buffalo Ridge made developing wind energy a natural choice. "We wanted a farmer-owned project that would bring economic development, get farmers a return on their investment, and could use local businesses and contractors to do the work," said Mark Willers, a project leader and farmer from Beaver Creek, Minnesota.

To develop their idea of farmer-owned commercial wind turbines, the group did extensive research and settled on forming two limited liability companies (LLCs), Minwind I and Minwind II. This format was the best option because it maximized the companies' ability to use tax credits and other incentives for wind energy while maintaining some principles of cooperatives such as voluntary and open membership, democratic member control and concern for the greater community.

Sixty-six investors from the region eagerly snapped up all the available shares in both companies in only 12 days. All of the members are from Minnesota and are also investors in Luverne's ethanol plant (Corn-er Stone Farmers Cooperative), although that was not a requirement for membership. The two companies are carefully structured to give farmers the best return on their investment in the most democratic way possible. 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.

Two companies were formed to take advantage of a Minnesota renewable production incentive that provides 1.5¢ per kilowatt-hour payment for wind projects up to two MW for the first ten years of production. Although they coordinate closely, they are governed by separate boards of directors, have different groups of investors and maintain

separate financial books. Willers serves as president of Minwind I and Tom Arends, another local farmer based in Luverne, is president of Minwind II. Both groups have also relied heavily on expertise from consultants to develop the actual wind project negotiate the power purchase agreement, and a team of lawyers to determine the business structure.



"We are trying to get farmer ownership of wind projects to the forefront and it has been a challenge, but with dedicated people like Mark Willers [left] and Tom Arends [right] we're making great strides." – Dave Kolsrud, Corn-er Stone Farmers Cooperative

After the shares were sold, the companies had enough capital to begin developing two nearly identical 1.9 MW wind projects. Construction is underway on both Minwind projects, the foundations were poured in mid-July and the turbines will be fully installed by the end of October. Each project consists of two Micon 950 kW turbines and all four turbines will be located on the same farm seven miles southwest of Luverne. The site was chosen because the group wanted to use land owned by one of the project's investors, and this particular farm had the best combination of wind resource and access to transmission lines.

According to Willers, the most difficult step in these projects was not finding capital for the hardware, consultants and legal fees because farmers were enthusiastic about investing from the very beginning. He believes that it is a myth that farmers do not have the money to finance projects on this scale (Minwind I and II will cost about \$1.6 million dollars each and will be paid off

in ten years). The biggest obstacle, rather, was negotiating a power purchase agreement, a crucial step to moving any wind project forward. The group not only had to find a power company that believed they were serious about building these wind turbines, but one that was willing to buy the power they would generate. Discussions with the local rural electric cooperative were fruitless due to many issues including interconnection requirements, cost, and a long-term exclusive agreement with another power supplier. Eventually, after months of negotiation, they entered a 15-year contract with Alliant Energy, which will use the power to help satisfy renewable energy standards in Iowa or Wisconsin. As with any power generation project, establishing a market for the power and negotiating a contract was crucial to allowing these two projects to move forward.

Minwind I and Minwind II are as much about economics and promoting farmer-owned enterprises as they are about developing wind energy. The companies are consciously using local materials and contractors for everything possible, including purchasing concrete from a local business and contracting with a Lake Benton, Minn. company to service the machines. Thus, according to Willers, the whole region will see economic development, while farmers get a real return on their investment.

According to Dave Kolsrud, manager of Corn-er Stone Farmers Coop, there is great potential for this project to lead to many more farmer-owned wind

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– Mark Willers

enterprises. "Wind energy is changing the landscape of rural America and we're trying to make farmer ownership of wind energy become significant enough for wind to be considered another crop," he said. And, according to Tom Arends, "wind turbines are one of the best cash crops to come along for farmers looking for new sources of income."

After the current two 1.9 MW projects are installed, Willers says that there is so much interest from area farmers and other potential investors

Something for Everyone at Wind Conference *Wind Energy: New Economic Opportunities*

WINDUSTRY, THE INSTITUTE for Agriculture and Trade Policy and a diverse steering committee are organizing a large wind energy conference to be held November 21-22, 2002 at the Minneapolis Convention Center. The conference will have four tracks: Utility projects large and small, green pricing and credit trading will be addressed in *Advancing Minnesota's Renewable Energy Objective*. An overview of wind energy and a discussion on building a wind industry in the Midwest will be part of the *Economic Development* track. Many aspects of distributed wind generation will be highlighted in *Community-based Wind*, such as what makes a good wind

site, financing wind projects and how to build community support. The practical "how to's" of wind projects will be covered in the *Citizen and Landowner Workshops*.

The conference is intended for a wide audience of rural landowners, interested citizens, tribes, utilities, developers, regulators, elected officials, economic development professionals, state agencies and advocates. The full program for the conference was recently published and is available by contacting Windustry or visiting our website. Anyone with an interest in wind energy and economic development is welcome and encouraged to attend.

MINWIND I AND II *continued*

that they have already begun researching more 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.

Willers, Arends, and many others have invested countless hours in developing the Minwind projects, but they believe their efforts have been worthwhile. "We've spent an incredible amount of time on this, but we needed to do it for our community and our friends who are farmers," said Willers.

To learn more about Minwind I and II and other innovative wind projects, attend *Wind Energy: New Economic Opportunities* on November 21-22, 2002 in Minneapolis. Visit the web site www.windustry.org/conference or call 612-870-3461 to receive a brochure and registration form.

Wind Workshops/Events

November 14, 2002, Cleveland, Wisconsin: Wind Symposium on Small Scale Systems. One day event for rural homeowners, farmers, and small businesses at Lakeshore Technical College. Contact Ron Fromm, Focus on Energy, 800.598.4376.

November 18-19, 2002, Dublin, Ohio: Ohio Wind Power Conference and Trade Show. A forum to explore primarily small wind systems. Contact Green Energy Ohio at 1.866.GREENOH, www.greenenergyohio.org.

November 21-22, 2002, Minneapolis, Minnesota: Wind Energy: New Economic Opportunities. Visit the Windustry web site www.windustry.org/conference or call 612.870.3461 to receive a brochure and registration form.

February 10-11, 2003, Boise, Idaho: Harvesting Clean Energy Conference III. A conference for rural landowners, tribes, rural electric utility representatives, rural economic development leaders, elected officials, and local, state, and Federal agencies. Contact Diane Gasaway at diane@wreca.coop or 360.943.4241.

About Windustry

WINDUSTRY builds collaborations and provides technical support to create an understanding of wind energy opportunities for economic development. Windustry is affiliated with the Institute for Agriculture and Trade Policy, an organization that promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.

Wind Farmers Network

THE PURPOSE of the Wind Farmers Network is to bring together a broad range of landowners, farmers and ranchers to exchange their experiences in wind development and educate others who would like to begin farming the wind. If you would like to join the network, please send your contact information and a brief sentence describing your wind energy interests to Windustry or join online at www.windustry.org/about/join.htm. Your information may be shared with other wind farmers within the network only. The network is currently under development.



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