

Kas Brothers Plant 25-Year Cash Crop This Season: Wind Power

FROM ONE PERSPECTIVE, Richard and Roger Kas of Woodstock, MN are typical Midwestern farmers who have grown up farming the family land with their retired parents, William and Matilda Kas. But this family has something unmistakably unique taking place on their farm. They have 17 modern wind turbines on their land, generating enough electricity to power 3,700 households, and they're about to put up two more. What is even more unique is that the Kas brothers will own these two new commercial-scale wind turbines. This is the first project of its kind in Minnesota, and possibly in the whole Midwest.

The wind development came about pretty quick in Southwest Minnesota when the legislature mandated that Northern States Power, now called Xcel Energy, contract 425 MW of wind generated electricity by 2002, in exchange for allowing nuclear waste to be stored outside the Prairie Island Nuclear Plant. Landowners signed leases giving the utility and wind development companies rights to put wind turbines on portions of their land. The Kas family was part of this group of landowners. But they chose their developer carefully.

Roger thought, "I didn't want my land tied up without a project going on it. Once you sign something you can't do what you want." He felt that, "if someone comes to me and is ready to put a wind project on my land then let's sit down and talk." Otherwise he just felt it was a waste of time to tie his land up for two or three or five years on the option agreements. "I don't know why someone would want to do that. If you have a good wind resource it's good to be sure that a project will actually go up."

The first 17 turbines on their land were developed by Dan Juhl of Danmar Associates, and have been up and running for two years. Roger said, "Dan Juhl was here first. And we talked, but we had an agreement that if someone else came up with a project first and made us a good offer we would go with them. There were no exclusive agreements."

While Juhl was working to put his project together he kept the Kas family up to date on the different aspects. The process took a long time. It was

1993 when Juhl installed an anemometer tower to measure the wind on the Kas farm. And it was 1999 when the 17 machines were completely installed and producing power. The machines take six acres out of crop production, on the 320 acres or half section. The life of the machines is expected to be about 25 years and power purchase agreement is 25 years.

Roger stayed with it and paid attention to the how the project came



together on his land. He may not have had an equity position in the Juhl project, but he certainly had an interest in its success since his wind easement annual payments are based on a percentage of the gross revenue from each machine. "Farming the wind is not right for everyone. We're here everyday feeding the cattle and taking care of the farm, and we see the wind turbines as just a few more machines for us to take care of." In that respect, you need to learn about the machines and take care of them just as you need to know how to take care of your crops and livestock. Roger has worked in construction on and off all his life. While Dan Juhl's project was being installed on the Kas farm, the turbine manufacturer, Vestas, hired Roger for six months to work on construction and machine maintenance. Roger believes that, "If you want to farm the wind, you should have the knowledge of how it all works."

Over time their business relationship grew and now the Kas brothers and Juhl have completed the planning and financing for a project which the Kas family will own. Juhl led the way on the key pieces to the Kas project

like permitting, power purchase agreement, turbine selection and financing. In part because he had done it before and knew the path. But also, to help forge the way for a different type of project - one that is farmer owned and farmer built. Juhl said "This is possible on a small individual scale, but this is a commercial venture, it's not a hobby." There is no project without the power purchase agreement (PPA). This is what the capital financing is based on.

They had to give extra information and special attention to the local bankers to bring them along and get them interested in the wind project. It was all new to the lenders. They have

put 20% down and 80% was financed with the PPA as the loan guarantee. The multiple years of wind data and Juhl's project performance were evidence of for the strength of the wind resource. "Every place is going to be different and you have to work it out," says Kas. "Some land is better for raising

corn and soybeans; some land is better for wheat and other places for rice. In the same way, some land is better for wind." The wind resource has to justify the capital investment.

Kas knows he is forging the way with his project and knows that some things will be much easier for the next guy to put up a wind project. He insists that "I am not giving anyone any advice now. I can't give any advice until mine is up and running."

We will be tracking the progress of this project at www.Windustry.org.

If a Wind Developer knocks on your door, it's up to you to know the score.

- Consult an attorney on all contracts
- Check out the www.Windustry.org website for easement information
- Consider all development options:
 - get together with individual landowners and collectively negotiate wind rights for the broad area
 - partner with a wind developer
 - own and operate a wind farm
 - form a value-added wind cooperative
 - partner with the electric cooperative or municipal in your region

Wind Energy Updates

South Dakota has Wind Power

THE ROSEBUD SIOUX TRIBE Wind Energy Project broke ground early this spring for a single 750 kW turbine expected to be on line by the end of the summer. The Rosebud Casino and Convention Center will be the main customer of the wind generated electricity. The excess power will be available through a "green tag" program which still has green power available for subscription. *Contact: Bob Gough, ICOUP, 303-384-7110, Rpwgough@aol.com*

EAST RIVER ELECTRIC COOP offers the Prairie Winds program. Members can choose to subscribe to wind generated electricity by paying a green premium. Basin Electric Power Cooperative will own the project and market any power that is not subscribed by East River. The project is expected to start producing power this October. The two 1.3MW Nordex turbines will be located two miles north of Chamberlain. *Contact: Dan Ziebarth at East River Coop, 605-256-4536 or ziebarth@erepc.com.*

Amazing News from North Dakota

CONGRATULATIONS GO TO North Dakotans for their grassroots support of wind power as three new bills supporting wind energy development were recently signed into law. This is a great comeback after the 1999 session, where there was not enough support for even a wind study. The bills are: 1) Personal Property Tax Reduction – puts wind farm owners on par with ND lignite-fired plants and with neighboring states. 2) Income Tax Incentive – a reduction on ND income tax of 3% per year for 5 years, of the installed cost of a wind farm. 3) Sales and Use Tax Exemption – applies to wind generating equipment installed in ND. *To look at 2001 legislation: www.discoverND.com*

Colorado PUC Points to Wind

IN MARCH, the Colorado Public Utilities Commission formally directed Xcel Energy to add a wind power project to its resource plan. After public hearings and testimony, the PUC decided that the wind plant was more cost-effective when compared to natural gas-fired generation. Wind energy beat natural gas on economics alone. The PUC ordered Xcel to enter negotiations for a 162 MW wind power plant to be located near Lamar, Colorado. *Contact: Colorado PUC website, www.dora.state.co.us/puc/new.htm#dated*

Just Released

Energy plan "Repowering the Midwest". *Contact: www.repowermidwest.org*

Wind Workshops/Events

June 3-6, 2001, Kansas City, Missouri
Energy 2001 workshop and exposition.
"New Horizons – Solutions for the 21st Century."
Contact: JoAnn Stirling, tel: 800-395-8574; www.energy2001.ee.doe.gov

June 3-7, 2001, Washington, D.C
Windpower 2001, American Wind Energy Association's annual wind conference.
Contact: Laura Keelan tel: 202-383-2500; laura_keelan@awea.org; www.awea.org

June 22-24, 2001, Amherst, Wisconsin
Midwest Renewable Energy Fair.
Contact: Midwest Renewable Energy Assoc., tel: 715-592-6595; mreainfo@wi-net.com; www.the-mrea.org

July 2001, New York (date to be determined) Northeast Regional Wind Workshop.
Contact: National Wind Coordinating Committee, tel: 888-764-WIND; nwcc@resolv.org

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.

Wind Farmers Network

THE PURPOSE FOR THE Wind Farmer Network is to bring together a broad range of landowners, farmers and ranchers to exchange their experiences in wind development and to 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. Your information may be shared with other wind farmers within the network only.

Wind Farmers Network Online

THE WINDUSTRY WEBSITE now hosts a section called *Wind Farmer Feedback* in which wind farmers and potential wind farmers from around the country can share their ideas, questions, concerns, and advice. *Please post your thoughts at www.windustry.org/farmer.*



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