Homegrown Renewable Energy

The Economics of a Renewable Energy Payment in Minnesota

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Presentation for a conference, Bringing Renewable Energy Home in Northfield, MN, January 9, 2009
Outline

- The need for new rules
- The advantages of local ownership
- The REP Impact in MN
Challenges

- One turbine powers 600 households
- But 600 households can’t collectively own a turbine

= 20 homes
Challenges

- Incentives
  - Federal PTC not accessible
- Capital
  - Most households don’t have finance operations
- Collective investment rules
New Rules

- Reform the PTC
  - Allow all income
  - Make refundable
New Rules

- Berkeley Finance Model
  - Municipal bonds
  - Aggregate purchasing
  - Property tax assessment
New Rules

- Renewable Energy Payments
  - 20-year, fixed
  - No tax liability or taxpayer subsidy
  - No expiration

- Can be done at the state level to increase energy security and economic impact.
Local Ownership

- 2x the jobs per MW
- 4-5x more economic impact per MW
- YIMBY
- Dispersed
MN 2025 Electricity

Non-Renewable  Renewable

From REP (950 MW)

73%  24%

4%
32 cents

REP Premium over business as usual

Cost per month for the average MN household
424 More Jobs

- Local ownership jobs multiplier = 1.92
- 830 MW absentee = 461 jobs
- 830 MW local = 885 jobs
$132 million

- Economic Impact
  - Absentee 830 MW = $41 million
  - Local 830 MW = $173 million
Project Benefits

- One 2-MW turbine
- 20-year contract

20-Year Cash Flow

- Absentee: land lease $100,000
- Local ownership $1,900,000

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Project Benefits

Local ownership:
- 1 turbine
- $100,000 to 19 households

Absentee ownership:
- 1 turbine
- $100,000 to 1 household

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Summary

- Need new rules
- Local ownership
- MN Renewable Energy Payment
  - 32 cents a month
  - +424 jobs
  - +$132 million economic impact
Thank you!

- Learn more:
  - Research on wind incentives, local ownership, and economies of scale
  - [www.newrules.org](http://www.newrules.org)

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