

# Homegrown Renewable Energy

## The Economics of a Renewable Energy Payment in Minnesota

John Farrell, ILSR

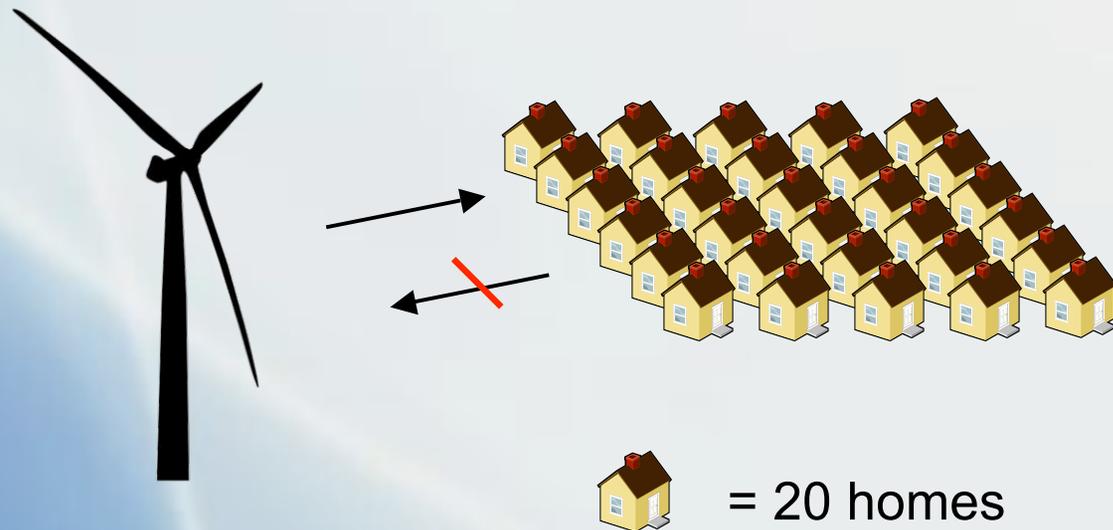
Presentation for a conference,  
*Bringing Renewable Energy Home*  
in Northfield, MN, January 9, 2009

# 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



# 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

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# 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.

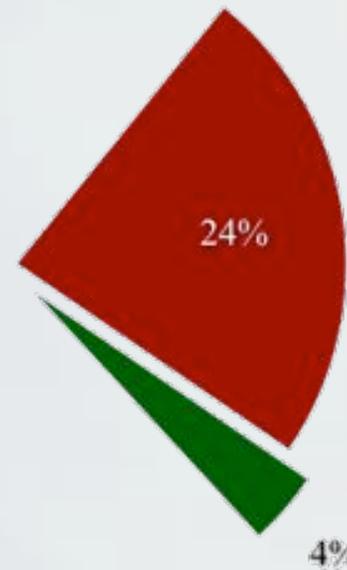
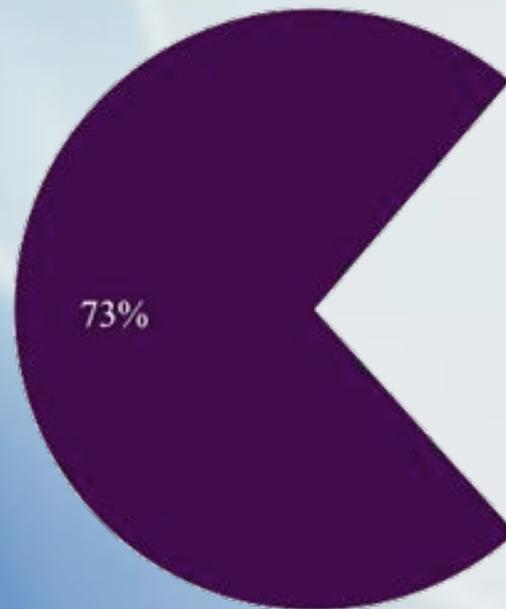
# Local Ownership

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

# MN 2025 Electricity

Non-Renewable

Renewable



Non-REP

From REP (950 MW)

# 32 cents

## REP Premium over business as usual

Cost per month  
for the average  
MN household



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# 424 More Jobs

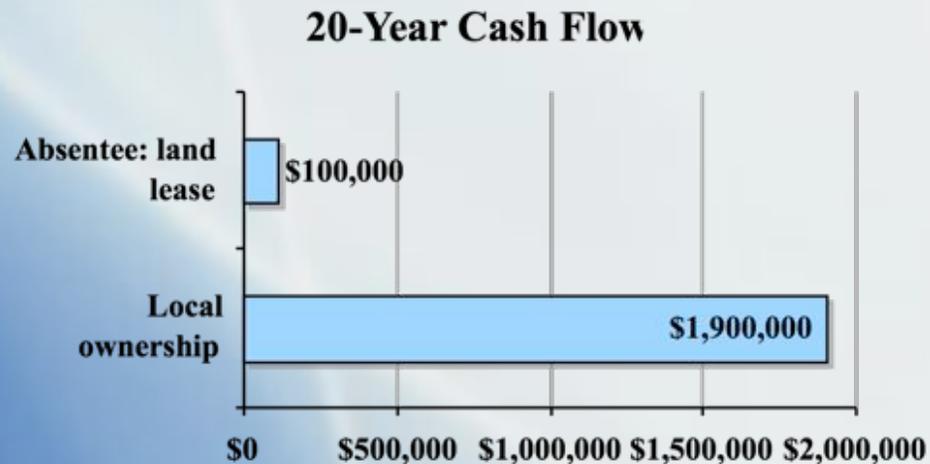
- Local ownership jobs multiplier = 1.92
- 830 MW absentee = 461 jobs
- 830 MW local = 885 jobs

# \$132 million

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

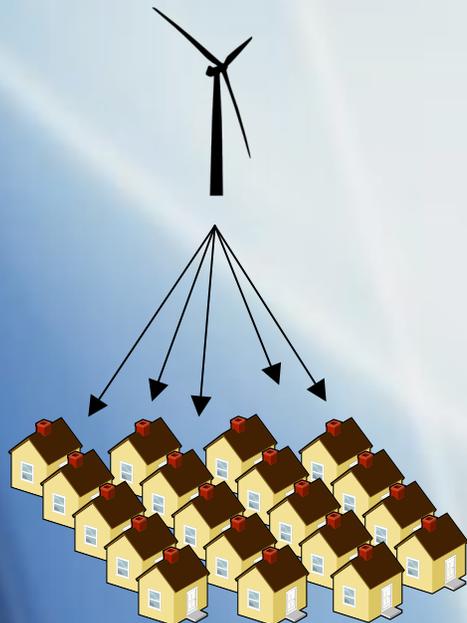
# Project Benefits

- One 2-MW turbine
- 20-year contract



# Project Benefits

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



Absentee ownership:  
1 turbine  
**\$100,000 to 1 household**



# 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)
- Contact me:
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