Report aims to help small developers own local wind projects

By KARL PUCKETT • Tribune Staff Writer • September 12, 2008

A new report says federal tax policy is preventing small investors such as farmers and ranchers from buying into community wind projects, and it encourages Congress to enact changes to spur more locally owned developments.

"For Montana, this is real important," said Patrick Mazza, research director for Seattle-based Harvesting Clean Energy, the report's main author. "Montana is the potential Saudi Arabia of wind power."

The National 25x'25 Alliance, which promotes meeting 25 percent of the nation's energy needs with renewable energy by 2025, released "Community Wind 101," along with the San Francisco-based groups Energy Foundation and Harvesting Clean Energy.

It is billed as a "primer for policymakers."

The report's release comes as interest in community-owned wind projects is growing in Montana, said Cascade County Commissioner Peggy Beltrone, who developed the county's wind marketing program.

"It's one of the things I hear constantly from people," Beltrone said.

Attendance at a small wind seminar the county hosted in August shocked everybody, drawing 150 residents, she said.

The report defines "community wind" as a project in which local ownership plays a major role, as opposed to developments owned by large, out-of-state companies, such as Montana's Judith Gap and Glacier wind farms.

Currently, 736 megawatts of the 18,281 megawatts of installed wind power in the United States are community-owned, according to the report.

The report argues federal tax changes would spur more community-owned wind projects, which would complement the corporate development that dominates the landscape.

"It's really locked out a lot of potential small investors — consumer-owned utilities, rural landowners and even school districts," Mazza said.

The current production tax credit provides a 10-year, 2.1 cent-per-kilowatt-hour tax write-off.

But the report argues a key difficulty facing prospective community wind developers is their lack of a large enough tax liability to take full advantage of the federal tax incentives, which makes it financially difficult to complete projects.

Larger wind developers, meanwhile, used the tax break to shatter an industry record in 2007 by installing 5,244 megawatts of wind generation nationwide.

The tax incentive, the report says, should be broadened to include more income types and levels.

Congress this month is preparing to take up the renewal of the federal production tax credit for renewable energy projects, which expires Dec. 31. Mazza said the amendments the report supports probably won't be considered, but he's hoping 2009 will bring changes.

Congress, he said, will have its hands full just debating whether to renew the existing production tax credit.

Just three weeks remain to pass an extension.