

# AN AMERICAN DILEMMA

The European model of wind power development by the people for the people is taking off in North America. State and provincial public policy initiatives in the US and Canada are paving the way for what has long been referred to as community wind power—the local development and ownership of local projects. But while the grassroots wind movement in America is jubilant to see its many years of lobbying paying off, mainstream wind developers fear irreparable damage is being caused to their business.

Community wind power is burgeoning in the American Midwest. Just as in Denmark in the 1980s, the desire of landowners, their families and friends to become local producers of local electricity is capturing the imagination of politicians. In Minnesota, the popular movement has been given legs by legislation mapping out a market framework for utility purchase of locally produced wind power, albeit on a “voluntary” basis (pages 29-30 and 57-59). The key to it all is creative financing. For the first time, a way has been found to make wind’s federal production tax credit (PTC) accessible to small investors, not just to companies seeking to reduce their tax bills (page 60).

But deep below the surface of the American wind market, tension is building along a natural fault line between the community wind power movement and the mainstream wind development industry. An eruption threatens. Whether or not big wind is right about the dangers posed to it by community wind, a deep split between the two would dangerously weaken the industry as a cohesive force for beneficial change—and cause untold market confusion. Politicians would take sides and jump sides. For a market highly dependent on stable public policy, unstable politics is seriously bad news.

Why such a laudable concept as local development of local energy should be so feared requires a detour into wind history. When a handful of countries in Europe structured markets for widespread and random connection of thousands of wind turbines by mom, pop and the kids, California was pioneering the big wind power stations that gave birth to the American wind industry. That industry has persevered in a market balanced precariously on an on-again off-again tax credit, learning the hard way how to structure successful projects. With the PTC on again for an extended period the time had come to reap rewards.

Imagine their shock when a law is passed that means landowners can make more money by owning turbines than by leasing property to wind farm developers—and all at the expense of the electricity ratepayer. Before long a Wild West land grab was on. On top of that body blow, none other than the iconic tractor company John Deere moves in to help its long-standing farmer customers with bulk buys of wind turbines in a world already painfully short of them. As the professionals see it, their market is being wrecked. Without land and without turbines, it is time to pack up and move out.

In practice, big scale prairie wind is alive and adjusting. It is not a question of either/or, but both. Community wind has its economic and technical advantages and disadvantages, as has big scale wind. They are not mutually exclusive and can even compliment one another. An advantage of community wind is its benefit to local economies. Annual revenues accruing to a county from a local project can be five times those of a wind farm with out-of-state ownership. Technically, too, the model has an upside. Thousands of turbines spread throughout a state will even out the variations in wind production better than 500 MW concentrated in three big projects.

On the downside, community wind does not benefit from the economies of scale of a major wind station. The cost to the electricity consumer of small scale wind power in a market protected by government will almost inevitably be greater than from a large facility built in a competitive market. Big wind has a legion of economic and efficiency advantages, from better utilisation of the windiest sites to far more scope for technology innovation. It attracts big strong companies with big tanks of expertise. And it is a strong negotiating force for getting market rules and regulations right for all wind owners.

## ALL ABOUT SCALE

If structured accordingly, as in Ontario, the community wind model stimulates connection of turbines at the level of the distribution grid, where they usefully utilise spare capacity. Even on the long skinny lines in the Midwest there is room for 10 MW here and 10 MW there. It all adds up. But according to Xcel Energy, it is negotiating to buy wind from projects of up to 50 MW under Minnesota’s community wind law. That is not small scale. No wonder the big boys are crying foul. Still on the wires topic, small wind stands to

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actually benefit from big wind. A farmer in need of capacity could cut a deal with the developer of the 100 MW project over the hill and connect into its upgraded line.

What is needed is carefully crafted legislation that supports both models without damaging either, coupled with a spirit of give-and-take and can-do on each side of the divide. It is not without significance that as America discovers the benefits of

local wind power, Europe is looking to the American model in the name of commercial efficiencies through professional management and responsible control of ever larger volumes of wind power.