

# Wind Project Finance

*Like any project, the subject of finance must be explored soon after a group of individuals or a community decides to plan for wind development. The information that follows may help in that arena.*

## Tools

A number of resources can be found on the web that assist developers and investors in making decisions relative to any size wind project. One developed by Joe King, a Lawrence-based architect, is available through the Kansas Corporation Commission website. It contains a wealth of information pertaining to wind development, including county wind maps, environmentally sensitive areas, transmission line maps and a financial spreadsheet.

[http://www.kcc.state.ks.us/energy/comm\\_wind/cw\\_toolkit.htm](http://www.kcc.state.ks.us/energy/comm_wind/cw_toolkit.htm)

## Equity & Project Support

Sources of outside equity and business support is of interest to those not otherwise vested with the amount and/or knowledge required to fully address the demands of wind projects in today's market. The following companies are a selection of those known to provide such support.

- John Deere is an established name in rural agriculture, but few know they also invest in the development of alternative energy sources, especially wind. The following web site provides information specific to this issue for landowners, developers and energy producers.

[http://www.deere.com/en\\_US/jdc/product\\_financing/wind\\_energy/index.html](http://www.deere.com/en_US/jdc/product_financing/wind_energy/index.html)

- Midwest Wind Finance, a Minnesota-based company, has 20 years of experience in developing wind energy, specializing in "community wind" projects.

<http://www.mwwind.com/index.html>

- GE (General Electric) has invested more than \$4.0 Billion in wind, solar and other renewable energy sources.

[http://www.geenergyfinancialservices.com/investment/investfocus\\_renew.asp](http://www.geenergyfinancialservices.com/investment/investfocus_renew.asp)

## Federal Programs

**Production Tax Credits (PTC)** is seen by many to be a major contributor to the development of wind energy in the United States over the past decade. It primarily offers a tax credit valued at 1.8 – 2.0 cents, adjusted annually for inflation, for every kW of energy produced. However, it



Smoky Hills Wind Farm Phase II under construction.

is due to sunset on December 31, 2008 if Congress does not reinstate the program. Randall Swisher, the American Wind Energy Association's executive director, stated on June 18, 2008 that the removal of this program would eliminate "...76,000 jobs and [put] more than \$11.5 billion in investment at risk". The graph shown at the right illustrates the importance of this program, since those years when it has not been in place show little growth in wind development while major growth occurs in those years when the PTC is available. [http://www.ucsusa.org/clean\\_energy/clean\\_energy\\_policies/production-tax-credit-for-renewable-energy.html](http://www.ucsusa.org/clean_energy/clean_energy_policies/production-tax-credit-for-renewable-energy.html)

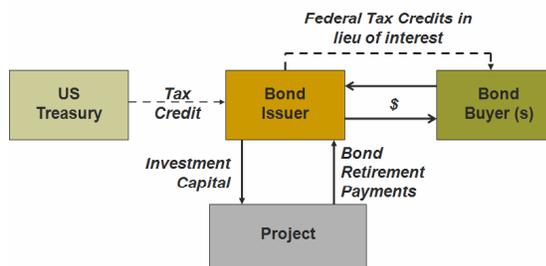
Continued...

## Wind Project Finance *continued*

**Clean Renewable Energy Bonds (CREB)** are another source of federal funding support for alternative energy projects.

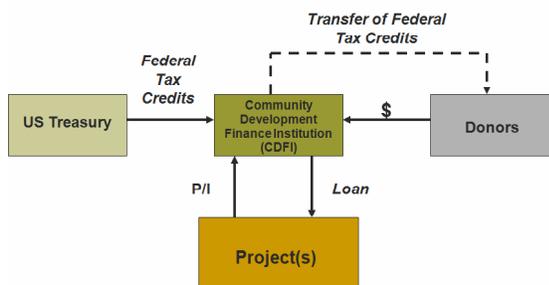
State and local governments, municipal utilities, public power systems, and cooperative electric companies are eligible to issue the bonds. Bond buyers receive federal tax credits in lieu of interest payments, which means the project ultimately only repays the principal, thus reducing the debt load. A good overview of the program can be found at: <http://www.windustry.com/clean-renewable-energy-bonds-crebs-0>.

### Clean Renewable Energy Bonds



**New Markets Tax Credits**, like CREBS, utilizes federal tax credits to raise funds. However, this program is merely a source of finance since the project pays both principal and interest in return. Then too, the area benefiting from the program must be low-moderate income as defined by the US Department of Revenue. Qualified Census Tracts and Counties, along with additional information on the program, can be found by going to <http://www.cdfifund.gov>.

### New Markets Tax Credits



**USDA-Rural Development Rural Business – Cooperative Development Service (RBS)** is a program specifically designed for alternative energy projects. It is a combination grant/loan program with grants not to exceed



Quinter USD 293 wind turbine, 50 kW entegrity.

\$500,000 and loans limited to \$10.0 Million to any one (1) borrower. Your local USDA-RD regional office can further explain. <http://www.rurdev.usda.gov/ks/>

## State Programs

Kansas has but one program that directly impacts development of alternative energy sources, this being the Renewable Energy Property Tax Exemption (K.S.A. 79-201). This removes 100% of all property tax on new capital investments in alternative energy resources in perpetuity.

The Kansas Department of Commerce offers the Community Development Block Grant (CDBG) program which, if configured properly, could address certain elements of a wind project. Maximum funding is \$400,000 per project for public infrastructure while business finance can go to \$750,000 when sufficient jobs are created. <http://www.kansascommerce.com>

## Regional Programs & Service Support

Regional Planning Commissions (RPCs) and Economic Development Districts (EDDs) are sources of both planning support and project funding. Those active in the western half of Kansas are: Great Plains Development, Inc. ([www.gpdionline.com](http://www.gpdionline.com)); North Central Regional Planning Commission ([www.ncrpc.org](http://www.ncrpc.org)); Northwest Kansas Planning & Development (785-421-2151); and South Central Kansas Economic Development District ([www.sckedd.org](http://www.sckedd.org)).