



# Community Wind

Local investment opportunities  
and participation in  
development

# Commercial Scale vs. Community Wind

- Project Size/Turbine Size
- Ownership Structure
- Development Participation
- Economic Impact on Community
- Likelihood of Success

# Project Size

## Commercial Scale

- Generally large developments 100 megawatt capacity & up
- Turbines are 1.5-3 megawatt name plate capacity

## Community Wind

- By definition, not limited to development size but, well suited for smaller niche opportunities
- Turbines are same size unless project is small

# Ownership Structure

## Commercial Scale

- Financed with outside capital and utility investment
- Large investment banks with sufficient tax appetite to take advantage of tax incentives
- Foreign investment firms

## Community Wind

- Involved landowners with a share of ownership in the development
- Local non-landowner investors
- Capital formation similar to ethanol plants in some cases
- Hybrid-some local some outside capital

# Economic Impact of Community Wind

## Commercial Scale

- Generally some form of payment in lieu of property taxes to community
- Landowner rents & royalties
- Employment related to operating and maintaining a developed wind farm

## Community Wind

- Same as commercial scale plus:
  - Local individual investor's return stays in community
  - Local banking institutions have opportunity to finance a portion of development
  - Studies indicate 6-8 times the local economic impact of commercial scale

# Likelihood of Success

## Commercial Scale

- Well funded developer with expertise to see project through
- Sometimes lacks ability to communicate effectively with landowners

## Community Wind

- Landowners as stakeholders have an incentive to see project succeed
- Landowners become more knowledgeable since they are part of the decision making process
- Projects initiated by the community naturally have community support

# Local Ownership Component

## Commercial Scale

- No local ownership opportunities, developer handles everything
- Will agree to modify lease to meet landowner concerns in some cases

## Community Wind

- LLC or cooperative formed to assemble local ownership participants
- Landowners may have option to have equity share vs. traditional lease payments of rents and royalties
- Local owners assist the developer during the development process and have significant decision-making rights

# Impediments to Community Wind

- Wind resource is assured and large investment firms are not willing to share the investment opportunity that guarantees return
  - Think of oil, investors speculate the resource is there, wind is guaranteed
- Commercial scale developers are reluctant to create a local investment component
- Insufficient incentives in state energy policy
- Tax Law favors large investors
  - Production tax credit only applies to passive income which eliminates farmers and ranchers with active income

The key feature of community wind is that local community members own and have a significant financial stake in the project beyond just land lease payments and tax revenue. Community wind projects can be any size, ranging from a single turbine to more than one hundred, yet typically serve local communities or consumers. (*Windustry, <http://www.windustry.org/communitywind>*)