

The Community Wind Act

Senators Al Franken and Jon Tester

Why community wind? When local communities have an ownership stake in an energy project, the profits from the project stay in the local community, fueling rural economic development through renewable energy production. Studies have found that community wind projects have higher local economic impact than conventional wind projects,¹ making community wind projects a powerful economic development tool for farmers and rural communities across America.

What barriers have community wind projects faced? Like many distributed energy projects, community wind projects face unique challenges when compared to conventional wind, ranging from access to finance to the inability to take full advantage of federal tax benefits. Despite these barriers, community wind projects have devised innovative financing structures to move forward with projects across the country. However, like the larger wind industry, community wind still faces great uncertainty with the looming expiration of the federal production tax credit for wind at the end of 2012.

What does the Community Wind Act do? This bill provides long-term certainty to community wind over the next five years by expanding the existing small wind Investment Tax Credit to projects with capacity up to 20 MW. Currently, a 30% investment tax credit is available for wind turbines with nameplate capacity of no more than 100 kW. This legislation amends this credit by expanding it to projects with total capacity of no more than 20 MW. There is no restriction on turbine size, and the bill directs the Secretary of Energy to promulgate rules to prevent subdivision of large wind projects to claim the credit. Additionally, projects qualifying for this credit would no longer qualify for the federal production tax credit.

Who supports the bill? This bill is endorsed by a growing list of over 120 diverse stakeholders across the country, including the National Farmers Union, the American Wind Energy Association, the Minnesota Farmers Union, the Minnesota Corn Growers, the Minnesota Soybean Growers, Juhl Wind, Windustry, and the Environmental Law and Policy Center.

¹ *Economic Development Impacts of Community Wind Projects: A Review and Empirical Evaluation*. National Renewable Energy Lab 2009. <http://www.nrel.gov/docs/fy09osti/45555.pdf>