

The Oklahoma WinCharger

1 June 2002

(A Newsletter for Oklahoma Wind Stakeholders)

Vol. 2, #6

Oklahoma Wind Power Initiative

A Collaborative Project by the
University of Oklahoma and Oklahoma State University
based at the

Environmental Verification and Analysis Center

710 Asp Ave., Suite 8

Norman, OK 73069

Tel: (405) 447-8412

www.seic.okstate.edu/owpai/

Staff

Editor and contributor: Tim Hughes, OWPI, OU

Copy editor/contributor: Troy Simonsen, OWPI, OU

Contributors:

Steve Stadler, Geography Department, OWPI - OSU

Mark Meo, Science and Public Policy Program, OWPI - OU

Mark Shafer, Oklahoma Climatological Survey, OWPI - OU

Jeremy Traurig, OWPI - OU

Small Wind Legislation Signed by Governor

Governor Keating signed Senate Bill 1451 into law on May 23, 2002. The Bill sets aside \$4.5 million in transferable tax credits over three years for manufacturers of advanced small wind turbines. Tax credits are distributed to wind turbine manufacturers based on the volume of actual advanced technology small wind turbines built in Oklahoma. The bill also contains "checks & balances" so that companies claiming the credit must be able to show that they have made investments towards economic development in Oklahoma that exceed the claimed credit.

Representative Doug Miller, R-Norman, explained that the \$4.5 million set aside for wind turbine tax credits would take the place of \$4.6 million set aside last year for tax credits for large wind farms that never materialized. More importantly, the Tax Commission projects that the state will recoup the cost in roughly 8 years due to increased tax collections. SB 1451 is expected to create up to 800 new manufacturing jobs by 2010.

Oklahoma is currently the home of Bergey Windpower Company, the world's leading supplier of small wind turbines. Based in Norman for over 25 years, Bergey Wind has shipped small wind turbines to all 50 U.S. States and more than 90 countries. The company has received offers of support from other states that want economic growth in their high-tech industry. SB 1451 was not only critical in keeping Bergey Wind in Oklahoma, but will also be important to its growth.

Besides creating new jobs, increased production will reduce the commercial costs of Bergey turbines.

Senate members voted 34 to 4, while House members voted 84 to 14 in favor of the measure. Senator Cal Hobson, D-Lexington, was the Senate author, and the House author was Rep. Doug Miller, R-Norman. This show of support by the Oklahoma legislature was a big step for the state as the tax incentive will help Oklahoma in the race against neighboring Colorado, Kansas, Texas, and New Mexico for renewable energy manufacturing and development opportunities.

New Mexico may adopt RPS

If New Mexico's public utility commission approves a new renewables portfolio standard (RPS), the state will join another Oklahoma neighbor, Texas, in taking an aggressive approach to promoting renewable energy resources and industry in their state. The new renewable energy rule, if approved by the state's Public Regulation Commission (PRC), will require electric utilities under the PRC's jurisdiction to begin phasing in green credit trade in 2003 in order to facilitate purchase of at least 2% of their energy from renewable resources. This percentage would rise to 5% by 2005 and 10% by 2007, making New Mexico the leader in RPS levels.

These levels are more ambitious than that proposed in a bill introduced in Oklahoma last session. That bill, introduced by Representative James Covey

(Dist. 57), only called for 8% by 2010, and promised to stimulate wind power development in Oklahoma, including the jobs, manufacturing, and research opportunities that can follow. However, it was opposed by the state's leading electric utilities and was killed in committee, never making it to the floor. Hopefully, the economic development value of an RPS will be better recognized the next time such a bill is introduced, as well as the impact that an RPS can have in helping Oklahoma compete with our neighboring states for new technology.

The Farm Bill's Incentives for Renewables

In its December issue, the WinCharger reported on the clean energy provisions of the Senate's Farm Bill. The Farm Bill has now been passed by both Senate and House, and signed into law by President Bush. This innovative legislation provides significant new incentives for rural wind power and biomass energy development in the agricultural sector. With \$405 million of mandatory appropriations over six years in the new Energy Title, half of this amount will fund new clean energy programs, including direct financial assistance to farmers, ranchers, and rural small businesses for wind power and other renewable energy system purchases. By capitalizing upon outreach and research successes, the Oklahoma Wind Power Initiative and the Oklahoma Renewable Energy Council stand ready to help bring some of this funding to our state.

The following summarizes some parts of the bill specific to renewable energy.

Under Title IX

- **Section 9005 – Energy Audit and Renewable Energy Development Program**

USDA grants will be made available, on a competitive basis, for organizations to assist farmers, ranchers and rural small businesses by conducting and promoting energy efficiency audits and renewable energy assessments. Selection criteria include professional qualifications, geographic scope, number of farmers, ranchers, and rural small businesses to be assisted by the program, potential energy and environmental benefits, and the entity's business plan for educating its customers on the benefits of energy efficiency and renewable energy development.

- **Section 9006 – Renewable Energy Systems and Energy Efficiency Improvements**

Offers low-interest loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase and install renewable energy systems. The farmer, rancher, or rural small business seeking a grant must demonstrate need under criteria established by USDA. A grant may not exceed 25% of the cost of a project, and a combined grant and loan or guarantee may not exceed 50% of the cost of the project. In determining the amount of a grant or loan, USDA shall consider type of renewable energy system, quantity of energy likely to be generated, expected environmental benefits, extent to which the system is replicable, and amount of energy savings from energy efficiency improvements and the likely payback period. This program is funded at \$23,000,000 per year from 2003 to 2007.

- **Section 9007 – Hydrogen and Fuel Cell Technologies**

The USDA and the Department of Energy are directed to enter into a memorandum of understanding to cooperate in the development and promotion of hydrogen and fuel cell technology programs for rural communities and agricultural producers and to disseminate information on potential applications of hydrogen and fuel cell technologies. (editor's note: while not specific to renewable energy, it should be noted that progress in hydrogen and fuel cell technologies will dovetail with wind energy, as wind plants will likely become a significant source of hydrogen generation).

Titles II and VI – Other Clean Energy Programs and Incentives

- **Section 2101 - Conservation Reserve Program: Biomass and Wind Turbines on CRP Land**

Biomass and wind turbine installations are now allowed on Conservation Reserve Program lands. Wind turbine installation is subject to USDA approval, taking into account the site location, habitat, and the purposes of the CRP. There is no reduction in CRP payments.

- **Section 6013 – Rural Development Title: Expands Loan Eligibility to Include Renewable Energy Projects**

Extends loans and loan guarantees under the Consolidated Farm and Rural Development Act to renewable energy systems, including wind energy systems and anaerobic digesters used to produce energy.

- **Section 6017 – Rural Development Title: Direct Loan and Guarantee Program – Eligibility of Renewable Energy Development Projects, including Farmer Co-op Equity Participation in Large Wind Projects**

Expands Business and Industry Direct and Guaranteed Loan program for rural development, and includes farmer/rancher equity ownership in wind energy projects. Loan and loan guarantee limits range from \$25 million to \$40 million per project. Renewable energy facilities are among the priority projects identified for funding in the Farm Bill Conference Committee Managers' Statement.

- **Section 6401 – Rural Development Title: Value-added Agricultural Product Market Development Grants – Eligibility for Funding Start-Up of Renewable Energy Projects**

Expands the definition of the term "value-added agricultural product" to include farm-and-ranch based renewable energy. Provides for competitive grants to assist producers of value-added agricultural products, including renewable energy systems, to develop feasibility studies, business plans, and marketing strategies. Recipients also can use the grant to provide capital to establish alliances or business ventures. Maximum grant amount is \$500,000 per project. Grants can be used for projects that receive financing for construction costs under the Business and Industry Direct and Guaranteed Loan program. This program is funded at \$40,000,000 per year from 2002 to 2007, and to be made available from the Commodity Credit Corporation (Total: \$240 million).

Additional Clean Energy Development Provisions for the Cooperative Extension Service and Rural Electric Cooperatives

- **Cooperative Extension Service**

The Farm Bill does not specifically appropriate funds for technical assistance to farmers and ranchers to develop new renewable energy resources. However, the Conference Committee Managers encourage the Cooperative State Research Education and Extension Service to provide education and technical assistance to agricultural producers for the development of renewable energy resources. Such assistance should enable producers to become more energy efficient and provide for the development and marketing of renewable energy resources.

- **REC's**

The Farm Bill does not incorporate the Senate's proposal for financial incentives to encourage rural

electric cooperatives to develop renewable energy. However, the Conference Committee Managers urged USDA to provide loans, loan guarantees and grants to rural electric cooperatives and other electric utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or to promote rural economic development.

Public TV Program on Renewable Energy

OETA's "Stateline" Program will cover potential contributions of renewable energy to the new farm economy in Oklahoma. OETA interviewed state policy makers, private sector interests, and university researchers at the recent Wind Power and Bioenergy Conference, held on April 11 in Oklahoma City. Some of these interviews will be included in a segment of the documentary "Stateline: Field Of Dreams", as will footage from a modern wind farm in Texas. The show will initially air at 7:00 p.m. on Thursday, June 20 and will be repeated on Friday, June 21 (9:00 p.m.) and on Sunday, June 23 (11:00 a.m.).

Correction to June OREC Meeting Date

The May WinCharger 'Calendar of Coming Events' indicated the June OREC meeting would be on the 12th. Please note that the date has been changed to the 19th. The meeting will be held in Room 108 at the State Capitol.

WinCharger to become Bi-monthly Issue

In an effort to reduce postage and printing costs, the WinCharger will go to a 6 to 8 page format and will start publishing every other month, instead of its current monthly schedule. This change will take effect next month, when we will send out our July-August 2002 issue.

Reminder:

Electronic Distribution of the WinCharger

If you have email and access to the web, the WinCharger staff would like to put you on our electronic mailing list for future sharing of WinCharger issues. If you do have email, please send that to Kyla Kissinger, manager of the WinCharger database, at windgirl@ou.edu. Thank you for helping us keep our mailing costs down.

Calendar of Coming Events

- June 2-5** **WINDPOWER 2002**, Portland, Oregon. A national wind power conference presented by the American Wind Energy Association. For more information, visit <http://www.awea.org/conference/> .
- June 19** **Oklahoma Renewable Energy Council** meets from 10 a.m. to noon at the State Capitol in Room 108 (see www.seic.okstate.edu/orec for agenda)
- June 20** **OETA "Stateline: Field of Dreams" Program (7:00 p.m.):** discussion on contributions of renewable energy to the new farm economy in Oklahoma. The show will be repeated on **June 21** at 9:00 p.m. and on **June 23** at 11:00 a.m. See inside issue for more information.
- July 10** **Oklahoma Renewable Energy Council** meets from 10 a.m. to noon, location TBA (see later issues or check www.seic.okstate.edu/orec for updates).
- August 14** **Oklahoma Renewable Energy Council** meets from 10 a.m. to noon, location TBA (see later issues or check www.seic.okstate.edu/orec for updates).
- September** **Renewable Energy Exhibit**, as part of "Caring for Planet Earth", Tulsa State Fair. See later issues for more details.

EVAC - Environmental Verification and Analysis Center
University of Oklahoma
710 Asp Ave., Suite 8
Norman, OK 73069

127-6539

Oklahoma
owpi Wind
Power
Initiative



June 2002