Facts and Stats

Wind Energy Facts

Current SD Nameplate Wind Power Capacity: 289 MW
Current SD Nameplate Wind Power Capacity under construction: 25 MW

Project Briefs

- Wessington Springs Wind Project (51 megawatts, Jerauld County) cut the ribbon this year – through Heartland Consumer Power District will provide power to USD and SDSU forf 2009
- Buffalo Ridge Wind Farm (50.4 megawatts, Brookings County) has power being exported to an electric cooperative in Indiana for 2009
- MinnDakota Wind Project (55 megawatts, Brookings County) began operation in 2008
- Tatanka Wind Project (88.5 megawatts McPherson County) began operation in 2008
- Titan 1 (25 MW, Ree Heights)
- Clipper/BP- Northwestern (25 MW)
- These join the 40 MW wind farm at Hyde County (along with six smaller developments) Next Era Energy
- Together, these projects will produce enough power in one year to power all of the homes in Mitchell, Pierre, Yankton, Huron and Spearfish combined (80,000 plus households).

Current Status

- Last year at this time, South Dakota had wind power capacity of only 44 megawatts and today we have 289 megawatts of wind power capacity, with another 25 megawatts currently under construction, with many other projects on the drawing board.
- More than a dozen other projects are in some stage of design or development.
- South Dakota as a state is one of the top five users of power demand supplied by wind power in terms of percentages of total power consumption.
- Barriers still exist: wind can be unpredictable, expensive to build, and expensive to transport.

Wind Energy Incentives and Supportive Public Policy

Incentives:

Large Commercial Wind Exemption and Alternative Taxes – (HB 1320 – passed by the SD legislature in 2008 and became law on July 1, 2008) Waives all state and local property taxes for wind energy facilities with a minimum capacity of 5 MW. Eligible facilities pay alternative annual taxes of $3/kW of capacity and 2% on wind farm gross receipts. A partial rebate on the gross receipts tax is available for up to half the cost of underground distribution lines, substations, and transmission lines built to support the facility. Maximum rebate is 90% of taxes paid for first 5 years and 50% of taxes paid for next 5 years. No rebates issued after 10-year period[1].

Small Commercial Wind Energy Property Tax Assessment (projects < 5 MW) – Partial Property Tax Exemption - Assesses the property value of commercial wind facilities with an aggregate capacity of less than 5 MW. The property value assessment does not include the wind turbine or blades and only takes the base, foundation, tower, and substations into account. Wind energy companies are also not subject to discretionary tax formulas[2].

Renewable Energy Systems Property Tax Exemption –Provides property tax exemption for renewable energy systems (solar, wind, geothermal, or wind) on residential and commercial property. Exemption applies to 50% of installed cost of commercial system and 100% of installed cost of residential system. The exemption cannot be transferred when property is sold. Full exemption may be claimed for 3 years after installation with the exemption being reduced in subsequent three years. Anaerobic digester projects that sell electricity are eligible to qualify for the commercial property tax exemption[3].

Small Renewable Electricity Generation Facility - Contractor's Excise Tax Rebate - New and expanded renewable electricity generation facilities (generate electricity from sun, wind, geothermal, or biomass) that have a nameplate capacity to produce 10 megawatts of electricity or less with costs greater than $500,000 are eligible for a 100% rebate of the projects contractor's excise tax[4].

Not allowed in conjunction with Large Renewable tax reduction.

---

[1] SDCL 10-4-36 thru 38

[2] SDCL 10-4-36 thru 38

[3] SDCL 10-6-35

[4] SDCL 49-34A

Large Renewable Electricity Generation Facility- Contractor's Excise Tax Rate Reduction - New and expanded renewable electricity generation facilities (generate electricity from sun, wind, geothermal, or biomass) that produce more than 10 megawatts of electricity are eligible for a reduced contractor's excise tax rate of 1% instead of 2%. Payment of the excise tax may be delayed into four equal annual payments[5].

Resources Available:

South Dakota Energy Infrastructure Authority - The South Dakota Energy Infrastructure Authority (SDEIA) was created by the South Dakota legislature in 2005 to *"…diversify and expand the state's economy by developing in this state the energy production facilities and the energy transmission facilities necessary to produce and transport energy to markets within the state and outside the state."*[6] In its initial efforts, the SDEIA elected to limit the scope of "energy production and transmission" to mean electricity production and transmission. The Authority has one billion dollars in revenue bonding authorization and eminent domain authority to use in cooperation with the private sector for transmission development[7].

South Dakota Wind Power Report[8] - The SDEIA in December of 2007 published a report on the current status of wind power development in South Dakota and the key issues that effect that development. The report covers the following topics:

- a brief description of how wind power works;
- a discussion of the wind resource in South Dakota, including the economics of wind production and a discussion of who benefits from a wind development;
- a summary of existing and proposed South Dakota wind power developments;
- a summary of recent wind development/integration studies;
- A discussion of issues facing wind power development including permitting of wind developments, identifying potential markets and the transmission grid issues involved in moving the electricity to those markets.

The report can be found at:
http://www.sdeia.com/PDF/2007WindEnergyReport.pdf

[5] SDCL 10-46C

[6] SDCL 1-16I, Section 2.

[7] SDCL 1-16I or at the SDEIA website: www.sdeia.com

[8] http://www.sdeia.com/PDF/2007WindEnergyReport.pdf

SD Wind Resource Assessment Network (WRAN) – The SD WRAN project currently has 11 different wind resource assessment stations across the State of South Dakota to verify the state's tremendous wind resource. The WRAN project has proven the incredible potential for wind energy that the State of South Dakota has spread out across the entire state[9]. The SD WRAN website can be found at: http://www.sdwind.com/

Favorable Regulatory Environment:

Expedited Project Siting – The South Dakota Public Utilities Commission will render a decision within six months of recieving an intial application for the construction of a wind energy facility, substation, or transmission line of less than two hundred fifty kilovolts. (SDCL 49-41B-25)

Expedited Cost Recovery for Transmission – The South Dakota Public Utilities Commission may approve a tariff mechanism that allows for the expedited cost recovery of a new or upgraded electrical transmission facility. Eligible project costs include the jurisdictional costs of new or modified transmission facilities, including transmission lines, substations, and transformers, with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length. (SDCL 49-34A-25.1)

Renewable Energy Credits for Electricity Tracking and Verification (MRETS) – Midwest Renewable Energy Tracking System - The South Dakota PUC participates and is an active member in the Midwest Renewable Energy Tracking System. The Midwest Renewable Energy Tracking System (M-RETS) tracks renewable energy generation in participating states and provinces and assists in verifying compliance with individual state/provincial or voluntary Renewable Portfolio Standards (RPS) and objectives. M-RETS is an important tool to keep track of all relevant information about renewable energy produced and delivered in the region.

Currently, several states and provinces participate in M-RETS: Iowa, Manitoba, Minnesota, Montana, North Dakota, South Dakota, and Wisconsin have policies in place requiring or strongly encouraging utility development of renewable resources. (SDCL 49-34A-94 thru 96)

Renewable Energy Objective – South Dakota did pass a Renewable Energy Objective just this past year in the South Dakota 2008 Legislative

[9] http://www.sdwind.com/

Session. The Renewable Energy Objective become law in South Dakota on July 1, 2008. The “Renewable Energy Objective” sets the goal that 10% of SD electricity consumed will come from renewable or recycled resources by 2015. The new law also calls for renewable electricity reporting requirements. You can find the text of the legislation at this link: http://legis.state.sd.us/sessions/2008/Bills/HB1123ENR.pdf