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Pandor Hadjy
Assistant Deputy Administrator
Business Programs, RBS,
Room 5050 South Agriculture Building, Stop 3220
1400 Independence Avenue, SW.,
Washington, D.C. 20250-3220,
telephone: 202-720-9693.

RE: Section 9006 Implementation

To the Rural Business Service:

DanMar & Associates is a small business located in rural Minnesota, developing renewable energy projects to provide bulk power for sale to the electric distribution grid. We primarily develop wind projects but have also pioneered the development of hybrid systems integrating wind with other generation technologies. We are pleased to see USDA moving forward with the process of implementing Section 9006 of the Farm Bill, and encourage the department to continue to do so as quickly as possible via either immediate rules or via a Notice of Funding Availability.

DanMar & Associates specializes in the development of wind projects up to 5 MW in scale that feature local ownership and use local construction contractors. We are a recognized leader in this field, widely referenced in both the mass media and specific trade publications, including for instance a recent piece on small wind farm project finance in the Farm Bureau "Voice of Agriculture" publication (see: <http://www.fb.org/views/focus/fo2002/fo1014.html>).

From our perspective as a small business in renewable energy in Minnesota, we see several key opportunities for Section 9006, and we recommend the following types of projects as eligible for grants, loans and/or loan guarantees under the section.

1. "Wind Energy Cash Crop" Grants, Loans, and Loan Guarantees:

Farmers, ranchers, and rural small businesses may apply for grants, loans, and loan guarantees for wind projects with a nameplate capacity between 70 kW and 10 MW. The

primary purpose such a program is to support the development of wind projects where the owner seeks to market bulk renewable power through the electric distribution grid and where the wind energy production is therefore a “cash crop” similar to other farm commodities. Grants would not need to exceed 15% of the total project cost, and loans and loan guarantees may not exceed 50% of the total project cost.

We recommend support for such large “utility-scale” wind projects because we believe this program of grants, loans, and loan guarantees can demonstrate practical business models for projects of this scale, as well as significant rural economic development benefits. Locally-owned projects in the range of 1 MW to 10 MW are very likely to use local planning and construction contractors and therefore maximize local economic development benefits. Furthermore, with existing incentive programs offered by states such as Minnesota, Illinois, New York, and California, the market for such projects could be scaled up very quickly. We do not, however, recommend support for projects larger than 10 MW. Developers of projects larger than 10 MW tend to have access to capital and financial expertise that lower their need for financial support relative to smaller project developers such as FPS. Furthermore, projects much larger than 10 MW are likely to conflict with the definition of a rural small business as one with gross annual revenues of under \$1 million.

2. Distributed Generation Small-Scale Renewable Energy Projects:

Farmers, ranchers and rural small businesses may apply for grants, loans and/or loan guarantees for wind, solar, and biomass gasification projects for projects up to \$100,000 in total cost. Grants shall not exceed \$25,000 under this subsection. The primary purpose of this subsection is to support the growth of renewable distributed generation projects serving the project owners’ own electric load.

The primary beneficiary of such projects is likely to be independent farmers seeking to install small wind turbines in the range of 10 kW. Such projects represent a significant democratization of energy production in America and should be strongly encouraged. The technology today is often not cost-effective in the absence of state or federal supports, but with larger production scales certainly could be cost effective, so we recommend support for such projects.

We’d like to thank the USDA for this opportunity to comment on the implementation of Section 9006, and look forward to the successful implementation of the Energy Title.

Sincerely,

Dan Juhl