## **Returns on Renewable Energy Investments**

#### Mike Morris National Center for Appropriate Technology

Southern Sustainable Agriculture Working Group Little Rock, Arkansas January 20-21, 2012









#### What this talk will cover

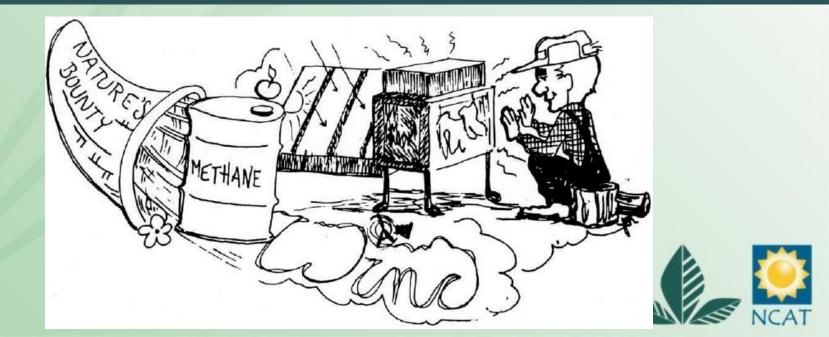
- 1. General advice
  - Realism about cost and risks
  - Finding incentives
  - Finding equipment and technical assistance
  - How to work with dealers and installers
- 2. Quick survey of some renewable energy projects
  - Ballpark costs
  - Risks and things that can go wrong





#### Why we are all here

- "Small family farmers are directly threatened by large-scale mechanization developed in an era of cheap energy...The energy crisis is an economic opportunity for America's small family farmers."
- "The small family farmer can make use of renewable energy resources, demonstrating that skill and resourcefulness...is once again at a premium in agriculture."
  - Final Report, The Small Farm Energy Project (1976-83)



### Realism about Cost and Risks

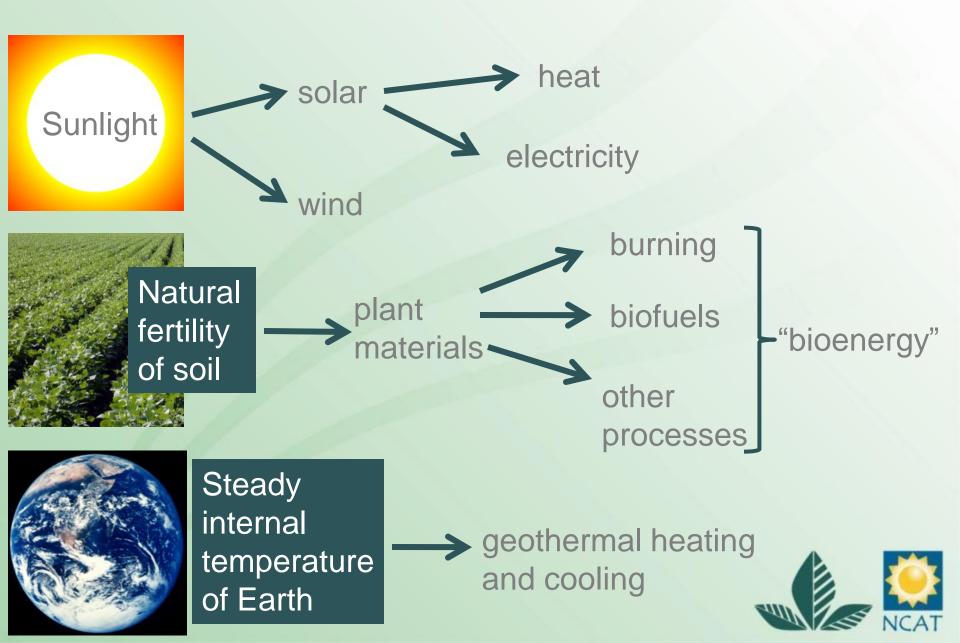
#### Renewable energy reduces many kinds of risk...



#### But it is not risk-free.



#### Renewable sources of energy are all around us...



#### But small-scale renewable energy is (usually) not cheap.

#### **Ballpark Economics for a 4-kW Solar Array**

Location	Energy cost (cents/ kWh)	Solar radiation (kWh/m²/yr)	Energy generated (kWh/yr)	Value of energy generated (\$/yr)	System Cost (\$4.10 / watt) *	Simple Payback (years)
Yakima, WA	6.4	4.84	5012	\$320.77	\$16,400	51.1
Nashville, TN	6.9	4.93	5110	\$352.59	\$16,400	46.5
Pierre, SD	7.7	5.15	5550	\$427.35	\$16,400	38.4
Phoenix, AZ	8.7	6.29	6184	\$540.05	\$16,400	30.4
Burlington, VT	12.9	4.33	4668	\$602.17	\$16,400	27.2
Fresno, CA	12.5	5.8	5801	\$725.12	\$16,400	22.6

Source: National Renewable Energy Laboratory

\* Average installed cost for residential PV systems in 2009, including incentives



#### 3 reasons why it's tough to beat utility and gas station prices

- A & Amerik and
- 1. Economies of scale
- 2. Mature vs. Immature Technologies
- 3. Subsidies

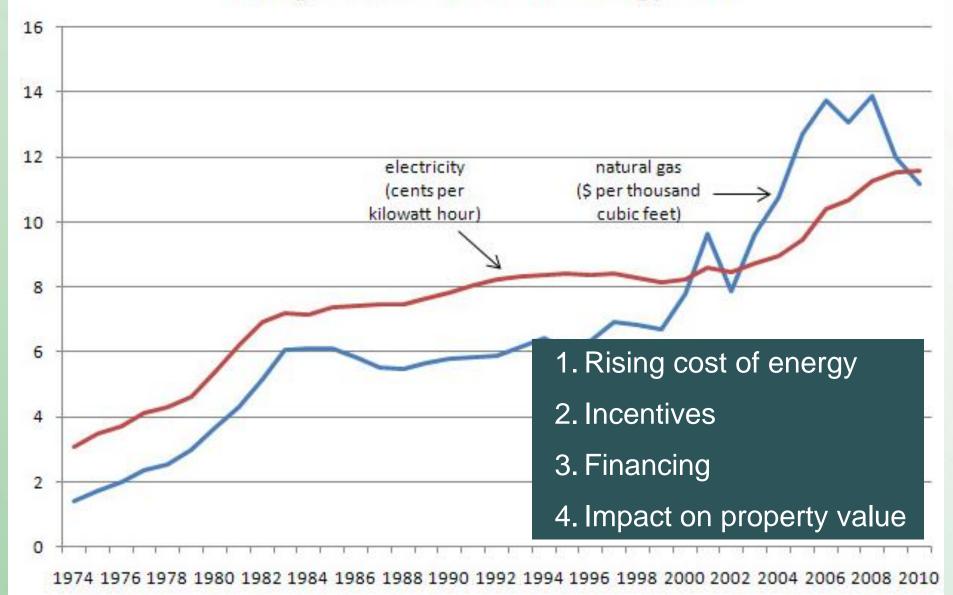
#### The *time value of money* also works against you.





#### Four factors that *might* work in your favor

Average U.S. Residential Retail Energy Prices



#### Five good reasons to consider a renewable energy project

- 1. Hedge against energy price increases and supply issues
- 2. New management possibilities
- 3. Environmental benefits
- 4. Image and marketing
- 5. Personal satisfaction





### What it might look like: Phil Foster Ranches, Hollister, CA





## **Finding Incentives**

#### Four good places to look

1.DSIRE (www.dsireusa.org)

- 2. Dealers/installers
- 3. Your utility
- 4. Your state energy office





Image: State Incentives for Renewables & Efficiency         Home       Team       Glossary       Links       FAQs       Contacts       About Us       Image: State User Council       Image: State User Council						
SIRF SOLAR	ARKANSAS Incentives/Policies for Renewables & Efficiency					
SOURCES	Financial Incentives Industry Recruitment/Support • Wind Energy Manufacturing Tax Incentive					
Summary Maps	State Loan Program <ul> <li>Industrial Energy Technology Revolving Loan Fund</li> </ul>					
	Small Business Revolving Loan Fund     Sustainable Building Design Revolving Loan Fund					
Summary Tables	Utility Loan Program					
	First Electric Cooperative - Home Improvement Loans     North Arkansas Electric Cooperative, Inc - Residential Energy Efficiency Loan Program     OGE - Geothermal Heat Pump Program					
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Summary Tables Library What's New? Search	<ul> <li>First Electric Cooperative - Home Improvement Loans</li> <li>North Arkansas Electric Cooperative, Inc - Residential Energy Efficiency Loan Program</li> <li>OGE - Geothermal Heat Pump Program</li> <li>Ozarks Electric Cooperative - Residential Energy Efficiency Loan Program</li> <li>Utility Rebate Program         <ul> <li>AEP SWEPCO - Commercial and Industrial Energy Efficiency Rebate Programs</li> <li>AEP SWEPCO - Residential and Small Commercial Energy Efficiency Rebate Program</li> <li>CenterPoint Energy (Gas) - Residential Heating Rebates</li> <li>CenterPoint Energy - Business Gas Heating Rebates</li> <li>Empire District Electric - Commercial &amp; Industrial Energy Efficiency Rebate Program</li> </ul> </li> </ul>					

#### Rules, Regulations & Policies

ICAT

#### Sweet Deal #1: Business Energy Investment Tax Credit

- Allows businesses to claim a tax credit of 30% of the cost of solar, small wind, and fuel cells.
- No limit.
- 10% credit for geothermal and some other technologies.
- In place since 2005, expanded by the 2009 American Recovery & Reinvestment Act.
- Will last until December 31, 2016.
- Similar 30% tax credit for homeowners.
- Conditions and exclusions apply.



#### Sweet Deal #2: USDA's Rural Energy for America Program

- Grants, loans, and loan guarantees for renewable energy and energy efficiency projects.
- Grants up to 25% of eligible project costs.
- Farms and rural small businesses eligible. Nearly 8,000 projects funded from 2003-2010.
- \$99 million 2010  $\rightarrow$  \$75 million 2011  $\rightarrow$  \$38.5 million 2012
- Contact your local or state USDA Rural Development office, or your state's energy coordinator.
- Info at www.farmenergy.org



#### **Other USDA programs**

- EQIP Agricultural Energy Management Plan (NRCS)
- Conservation Stewardship Program (NRCS)
- Conservation Innovation Grant Program (NRCS)
- Value-Added Producer Grant (USDA Rural Development)
- Biomass Crop Assistance Program (Farm Service Agency)
- And many others



### Finding Equipment and Technical Assistance

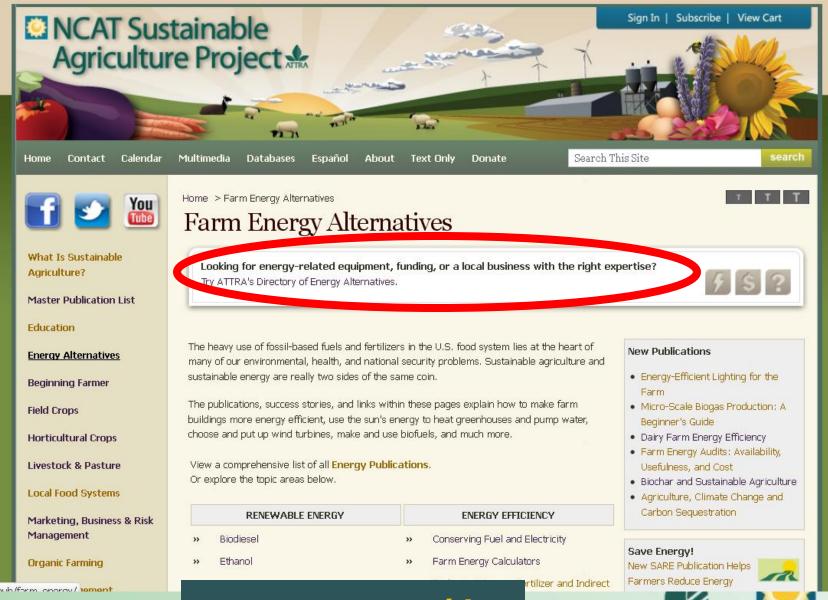
#### **ATTRA Resources**



#### **Publications**



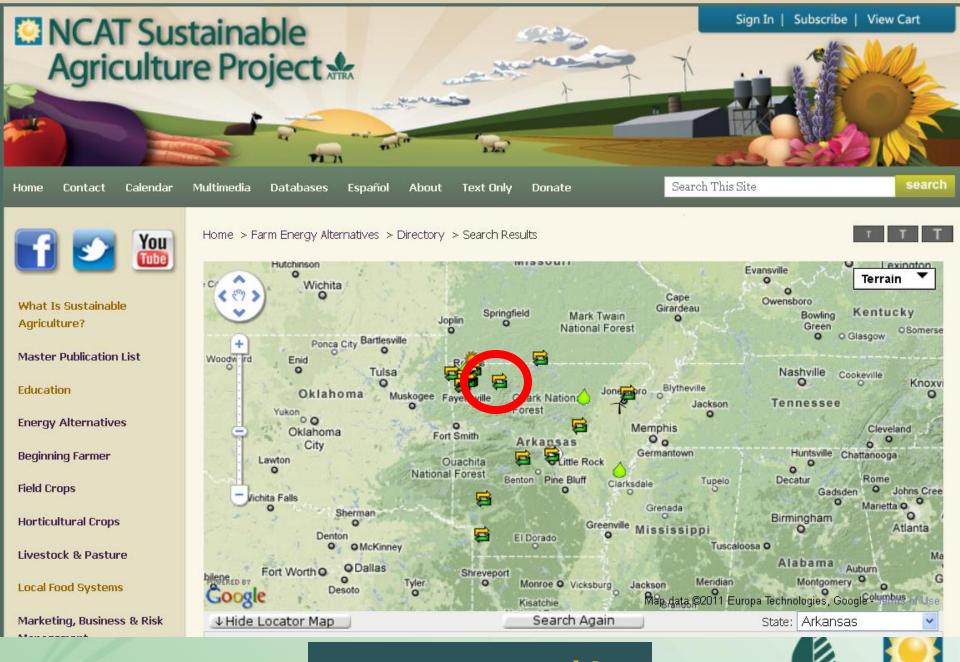
#### "Directory of Energy Alternatives"



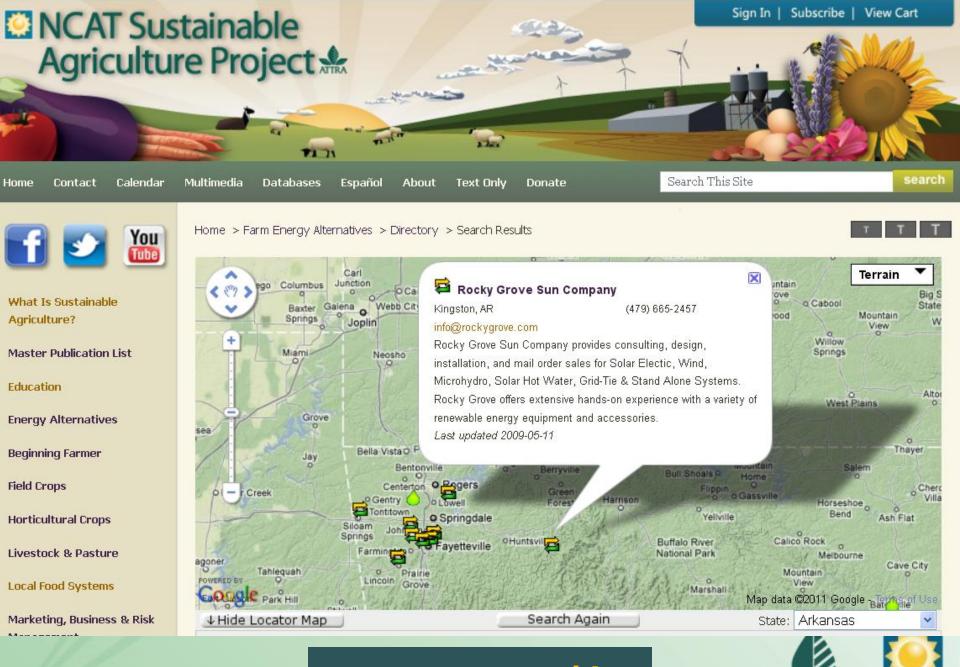
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www.attra.org/dea





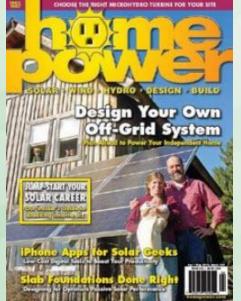
www.attra.org/dea

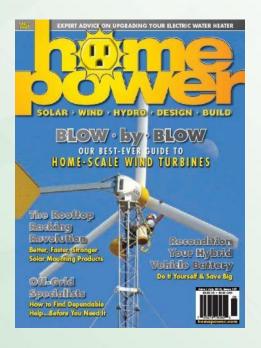


### www.attra.org/dea

#### **Home Power Magazine**







### www.homepower.com



### Working with Dealers and Installers

#### Can I do it myself?



Manufacture Wind

Lighting

#### Get bids.

SC Solar, Inc. 146 Rental Ct. Rock Hill, SC 29732

Voice: 866-856-9819 Fax:

# QUOTATION Quote Number: SAMPLE Quote Date: Mar 12, 2007 Page: 1



Customer ID	Good Thru	Payment Terms	Sales Rep
QUOTE	4/11/07	Prepaid	

Quantity	Item	Description	Unit Price	Amount
1.00	96078028	6 SQF-2 SQFlex Solar Pump 51x4x3 1	1,475.00	1,475.00
		NPT MSF 3 MOTOR""		
2.00	NE-170U1	170 WATT SHARP W/ MC CONNECT	790.00	1,580.00
		CARTON SIZE IS 67 X 39 X 6 CARTON		
1.00	500106	CONTAINS 2 PANELS TOP OF POLE RACK FOR 2- SHARP 175	199.00	199.00
1.00	500106	USES 3 INCH SCHEDULE 40 POLE	199.00	199.00
1.00	cqy-10101	MC Connector 2.5 Meter	25.00	25.00
	96467801	CU200 SQFlex Control Box Solar/Wind	260.00	260.00
		Monitor with Float Switch Terminals		
		DIMENSIONS 13 X 7 X 5		
1.00	96481502	IO 101-115 SQFlex Generator Interface Box	285.00	285.00
		DIMENSIONS 11 X 8 X 9		
1.00	DSP-02502	Submersible Splice Kit	10.00	10.00
			Subtotal	3,834.00
			Sales Tax	
			TOTAL	3,834.00



#### Some questions to ask

- What is your experience designing/building this type of system? How many years? How many projects?
- Can you provide references—past clients that I can talk to?
- Are you certified by NABCEP (North American Board of Certified Energy Practitioners)?
- Is a site assessment part of the bid? If so, what is included?
- What incentives are available? Who handles the paperwork?
- Do you provide a maintenance or service warranty?
- Does your bid reflect total costs?
- Are there interconnection costs? Do you work with my utility to complete grid interconnection?

Grid-Tied Solar-Electric (Photovoltaics)

#### Average-sized grid-tied system



\$9,126 final system costSystem should produce 6,131 kWh per year.

#### Large grid system offsets 90% of residential use

\$79,252for 19,200 watts @ \$4.12 / watt< \$23,776 >for 30% fed tax credit

\$55,476 final system costSystem should produce 25,728 kWh per year.



#### **Battery-based system**



\$13,694 final system costSystem should produce 3,666 kWh per year.

\$27,509

< \$8,253 >

< \$5,562 >



#### **Ballpark Costs & Risks**

- ✓ Expect to pay \$3-\$9 per watt, including incentives.
- Among the least risky renewable energy projects; a fairly "mature" technology.
- ✓ Low maintenance requirements
- $\checkmark$  Typical warrantees of > 20 years on panels
- Experienced installers can be found in most locations
- ✓ Rapidly dropping prices on panels
- Common problems/concerns
- Disappointing energy output
- ✓ Interconnection complications



## Off-Grid / Remote Solar-Electric

### **Agricultural Uses**

### <u>Common</u>

- Electric fence chargers
- Pumping
- Lighting
- Small motors, e.g. fans
- Crop drying
- Irrigation system surge valves

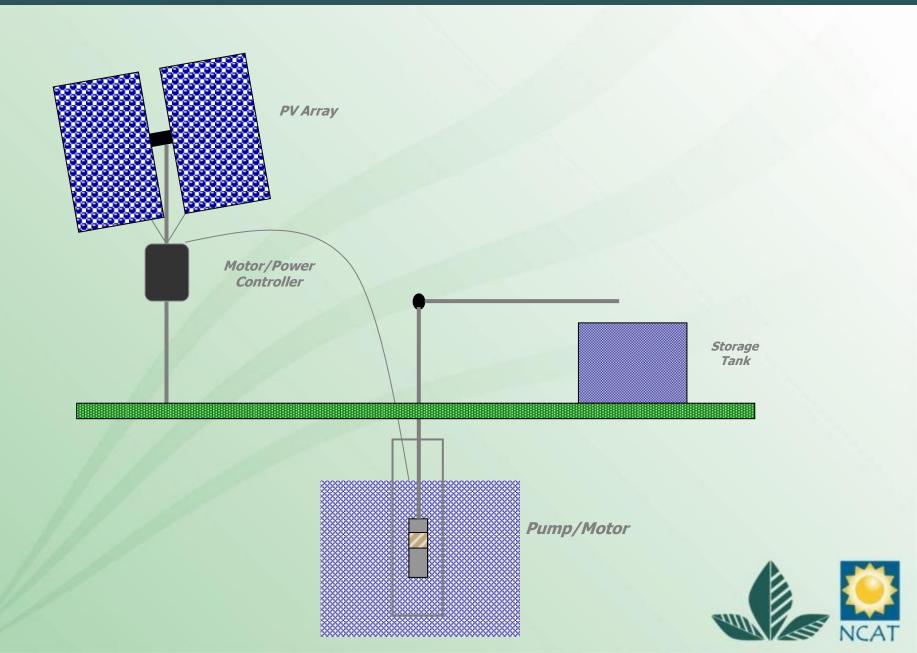
#### Less common

- Side roll sprinkler mover
- Solar tractors

# New management possibilities



#### How a solar pumping system works



#### Small pumping system with tracking rack

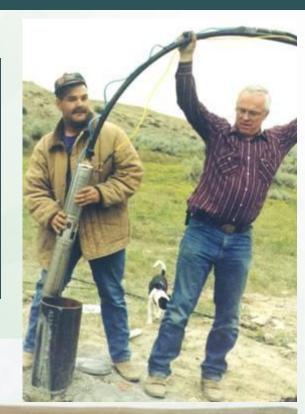
- 25 cow-calf pairs; 2-3 miles from power
- Two 120-Watt solar panels
- Submersible diaphragm pump delivers 1 GPM from 160' well or 900 GPD
- Cost of solar components: \$3,200





#### **Trailer mounted system**

- 150 cow-calf pairs; over a mile from power
- Seven 60-Watt solar panels (trailer-mounted)
- Submersible centrifugal pump delivers 6.5 GPM from 60' well or 3,600-4,000 GPD.
- Cost of solar components: \$10,650





#### Very large system

- 350 cow-calf pairs; >5 miles from power
- 24 120-Watt solar panels on two tracking racks
- Surface piston pump delivers 11 GPM or 7,500 GPD.
- Cost of solar components \$24,500



- Pumps surface water over two miles to the top of a ridge, against over 400 feet of head.
- Fills 8,000 gallon storage tank and six 1,000+ gallon stock tanks







#### Ballpark Costs & Risks (Solar Water-Pumping)

- ✓ Expect to pay \$2,000 \$8,000 for installed solar components.
- ✓ Tracker \$750-\$2,000, increases power 30-50% in summer.

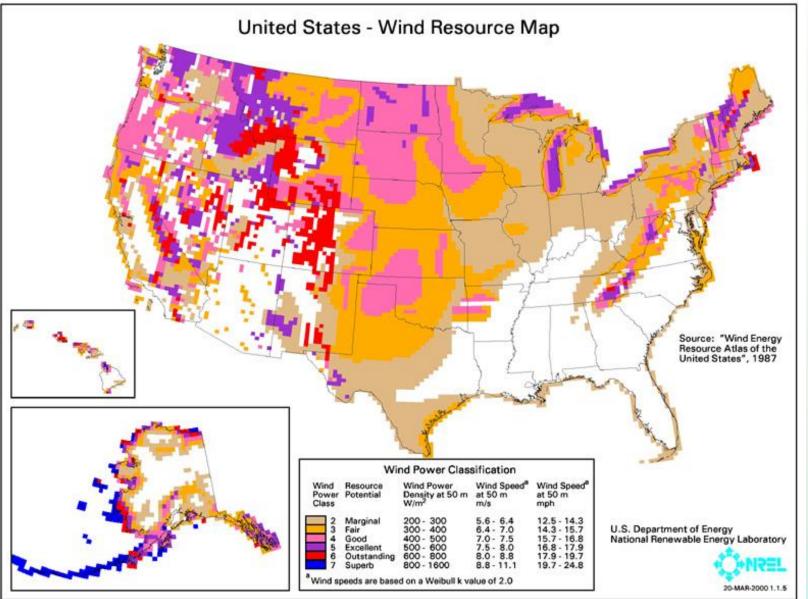
#### Common problems/concerns

- ✓ Best-suited to low-flow, low-pressure, and low-head situations.
- ✓ Pumping from deep wells (>250 feet) is expensive.
- $\checkmark$  Well-drilling cost and complications.
- Complications related to remote locations
- ✓ Disappointing flow volumes
- ✓ Vandalism?
- ✓ Cold weather/freezing issues



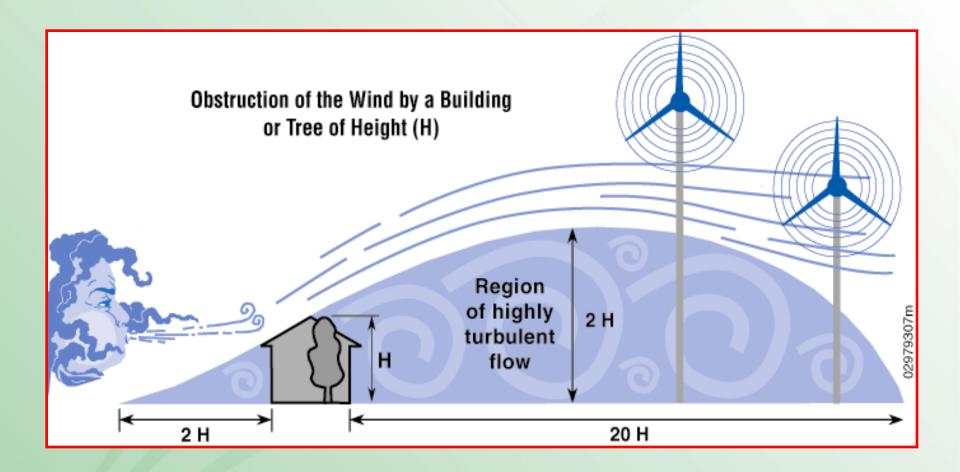
## Small Wind

#### The South is not known for its wind resource.





#### Siting is everything.





# Ballpark Economics for Bergey 10-kW BWC Excel-S (assuming retail price of 12 cents per kWh) \*



Wind speed	Installed cost	Energy generated (kWh/yr)	Value of energy generated (\$/yr)	Incentive	Installed cost	Simple payback
Fair	High	12,000	\$1,440	None	\$65,000	45.1
Fair	Low	12,000	\$1,440	None	\$48,000	33.3
Fair	High	12,000	\$1,440	50%	\$32,500	22.6
Fair	Low	12,000	\$1,440	50%	\$24,000	16.7
Excellent	High	24,000	\$2,880	None	\$65,000	22.6
Excellent	Low	24,000	\$2,880	None	\$48,000	16.7
Excellent	High	24,000	\$2,880	50%	\$32,500	11.3
Excellent	Low	24,000	\$2,880	50%	\$24,000	8.3
Source: Bergey Wind Power						

\* Approximate average U.S. retail price in 2011.



#### **Ballpark Costs & Risks**

Expect to pay \$5-\$15 per watt of installed capacity, including cost of the tower.

#### Common problems/concerns

- $\checkmark$  Zoning and permitting issues
- Disappointing output
  - Generally need >10 mph average wind speed @ 30 meters.
  - Highly site-specific; professional assessment if you can.
  - Distrust power output ratings; insist on measured power curve.
- ✓ Maintenance issues
  - Most systems need maintenance at least every 1-2 years.
  - Catastrophic failure not uncommon.
- Safety issues
  - Never climb tower without safety training & proper equipment.

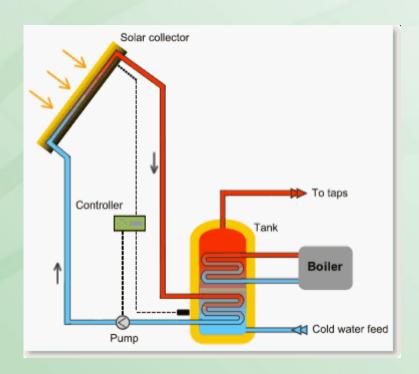
- Distrust novel designs.
- Small Wind Certification Council: www.smallwindcertification.org
- Think hard before attaching a wind turbine to a building or roof.



Solar Water Heating ("Solar Thermal")

#### **Agricultural Applications**

- Suitable for any farming operation that uses a lot of hot water.
- Consider as replacement for electric or propane water-heating.
- Dairies should probably do heat recovery on refrigeration system and/or heat exchange on milk first.



From www.builditsolar.com



#### Heating transplant tables and space-heating

- Cost \$8,000; \$3,900 after NC and federal incentives.
- 250 gallon "drain down" system
- Cut propane costs from \$3,000 to \$1,000 per year.





#### **Solar Water Heating for Greenhouses**

#### Design issues

- Freeze protection a must.
- No toxic fluids around crops or leaking into soil.
- Need to dump heat (or disable) in summer months, if sized for winter needs.
- Backup heating system desirable.
- Tubing can be buried or above-ground, depending on use of greenhouse.



#### Flat plate collectors: simple and durable



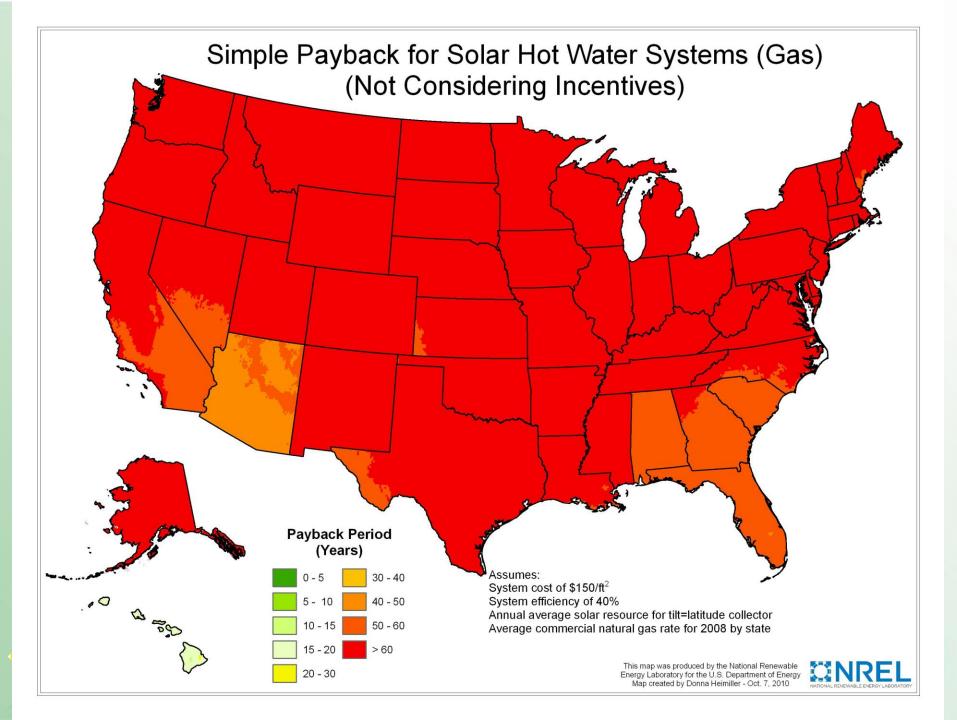


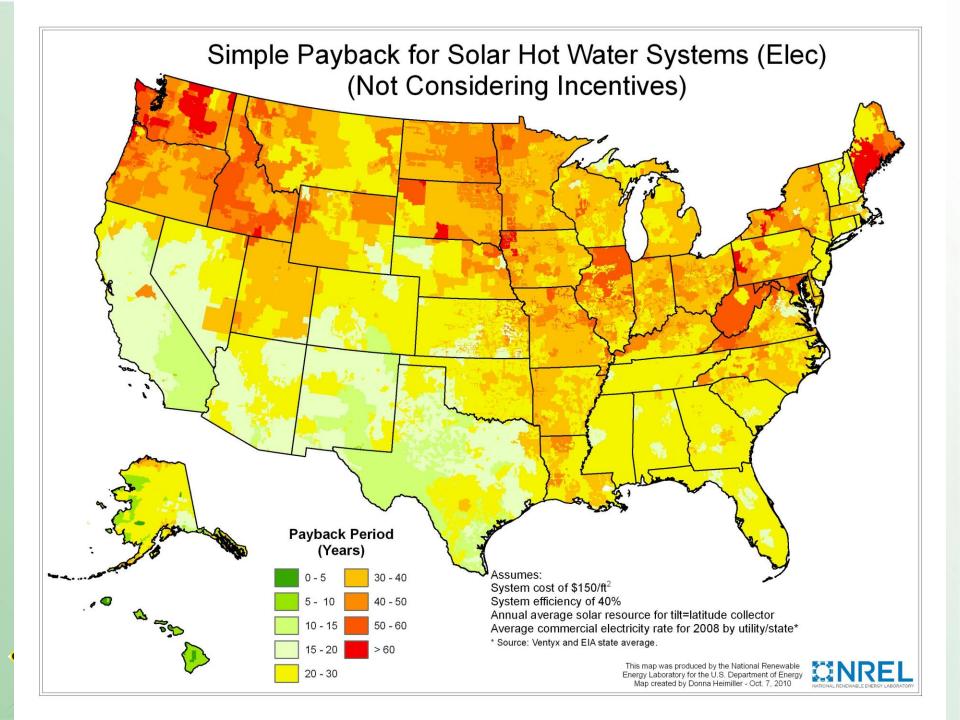
#### **Evacuated Tube Collector**



- Newer technology; more expensive.
- Highest temperature output.
- Does not shed snow & ice.







#### **Ballpark Costs & Risks**

- Typical residential system \$6,000-\$10,000 without incentives.
- Collectors usually have 10-20 year warranty and should last 30 years or more.
- Modest maintenance requirements. Transfer fluid normally lasts 10-20 years.

#### Common problems/concerns

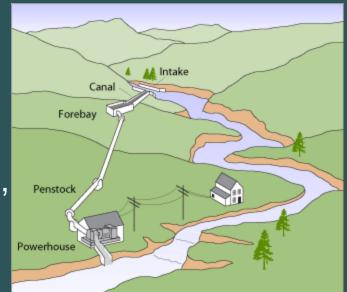
- Lingering image problems from market crash in early 1980s.
- Poor system design, leading to disappointing output or (worse) frozen and bursting pipes.
- Reports of gradual loss of vacuum in evacuated tube collectors (which may not be covered by the warranty).
- Degraded performance over time, e.g. from scale buildup.



# **Small Hydro**

#### Small Hydro Ballpark Costs & Risks

- Expect to pay \$1.50-\$4.00 per watt of installed capacity, depending on site.
- Reliable: water flows 24/7.
- Need at least 10 GPM or 10 feet of head, or both.
- 100 GPM and 10 feet of head = 83 watts



Courtesy DOE/EERE

- Permitting can be a major obstacle.
- Few rules of thumb. Installations vary widely depending on characteristics of the site.



## **Biodiesel and Straight Vegetable Oil**

## Phillip Barker (Oxford, NC): \$1.35 per gallon (from waste oil). Petroleum diesel cost reduced from \$12-\$14,000 to zero.



Thad Doye (Walters, OK): \$4.38 per gallon after 3 years from sunflower seeds grown on the farm







#### **Ballpark Costs & Risks**

• Equipment costs range from \$500 to tens of thousands.

#### Common problems/concerns

- Not fully mature; the realm of creative do-it-yourselfers.
- Failed reactions, messy/sticky
- Challenging to make high-quality fuel that is safe, legal, and environmentally benign.
- Engine damage is a possibility, especially from SVO.
- Fires and explosions have happened.
- Permitting problems
- Waste-handling problems



# Some other options

#### Small biogas: an option on any small farm.





BEING A COMPENDIUM OF THE ART A & SCIENCE OF USING ANYTHING ONCE ALIVE AUTOPRODUCE A BURNABLE GAS FOR POWERING LIGHT, AUTOMOBILES, AUTOMOBILES, VVENS, TRACTORS, WATER HEATERS, FURNACES & VARIOUS CONTRAPTIONS, BY DAVID HOUSE



#### **Small ethanol**

Guide to Small-Scale Ethanol

Alcohol

AIP

MAKING AND USING Ethanol As A renewable fuel

RICHARD FREUDENBERGER

#### Vern Grubinger photo

# Thank you for your attention!

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