



111 9<sup>th</sup> St. SE, Unit 1  
Cooperstown, ND 58425  
Ph. 701-797-3830  
[www.dakotaturbines.com](http://www.dakotaturbines.com)

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TESTIMONY OF

CRIS SOMERVILLE

PRESIDENT of  
DAKOTA TURBINES

and

MEMBER of  
DWEA (Distributed Wind Energy Association)

BEFORE

US SENATE  
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY  
SUBCOMMITTEE ON RURAL DEVELOPMENT AND ENERGY

REGARDING

USDA RURAL DEVELOPMENT PROGRAMS  
AND THEIR ECONOMIC IMPACT ACROSS AMERICA

April 6, 2016



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Thank you, Chairman Ernst, Ranking Member Heitkamp, and Subcommittee Members for inviting my testimony. My name is Cris Somerville and I am co-owner of the small-wind turbine company Dakota Turbines, from North Dakota. I am also a member of DWEA, the Distributed Wind Energy Association (please find the enclosed information about DWEA). DWEA is our industry's premier national trade group with over 100 members, dedicated to promoting and advancing the distributed wind industry in America. I'd like to share with you my perspective of the US distributed wind industry and how it relies on our government's continued support through effective incentive programs like the USDA Rural Energy for America Program, known as 'REAP', and the small wind Investment Tax Credit, or 'ITC'.

## **Distributed Wind in America**

First of all, what is 'Distributed Wind'? It is sometimes referred to as 'Small Wind', because it is typically a single wind turbine under 100 kW that serves an individual local site. However, distributed wind can also include larger turbines and 'Community Wind' projects deployed 'behind the meter', but does not include large wind farms. Electricity produced by these distributed systems is consumed locally, offsetting power purchased from the utility resulting in reduced electric bills. The typical customer is rural because a proper wind turbine installation requires adequate land space and tall towers for unobstructed access to the wind.

Distributed Wind has all of the typical renewable energy benefits including: environmental, electric price stability, energy independence, and national security. But I really want to focus on one very special benefit that is not shared by most other clean-tech industries: MADE IN



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THE USA. The US small wind industry is comprised of 90% American-made machinery. American small businesses like Dakota Turbines are employing thousands of skilled workers, producing the world's most robust and efficient small wind turbines. We purchase materials and services from over 3,000 suppliers nationwide. Our projects require local construction labor and O&M support, concrete, wiring, trucking, trenching, backhoes and cranes: all combined, typically representing 50% of the cost of the system. So our industry truly is American small businesses, often based in rural America, doing work with other American small businesses. When an American distributed wind project receives an incentive, those taxpayer dollars are staying in this country benefitting our small businesses and our customers. And then there is the export potential: typically 30 - 50% of America's annual production of small wind systems is exported. How many American industries can say that?

Just in the US there are literally tens-of-millions of suitable sites for distributed wind systems. They represent the potential of 1,400 GW of installed capacity. This industry has enormous potential to be a very significant factor in our domestic energy mix. DWEA's vision for our industry is to reach 30 GW of US distributed wind capacity by 2030. This can give rise to 150,000 new and skilled American jobs. Many other benefits are focused on rural America, providing more energy choices and cost controls to ever-rising energy prices. Republicans and Democrats alike, in fact 90% of the US population, want renewable energy to be a larger part of our country's energy mix. The technology is ready, the people are ready and the planet is ready. We are currently on-track to reducing our LCOE (Levelized Cost of Energy) and we have greatly improved equipment performance and reliability. All that is needed right now is a



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commitment to longer-term smart policies so that our industry is allowed to grow and reach parity with more mature technologies.

## **Federal Policy**

In terms of federal policy that Dakota Turbines and DWEA fully support, first and foremost from an Agriculture Committee perspective would be the energy title of the farm bill. In particular we are big proponents of REAP. Though we see room for improvement, this well-run program has been very successful funding energy efficiency and renewable energy projects in every State. In fact most of Dakota Turbines' customers have been awarded REAP grants to incent their projects. That being said DWEA has two issues with REAP for distributed wind. One is the scoring process that has significantly limited distributed wind applications and grants. The other is NEPA related. Fortunately we believe that USDA is correcting both of these problems this year.

I'd like to also briefly mention federal tax policy even though this is not the purview of this Committee. Dakota Turbines and DWEA are urging the Congress to extend the small wind ITC for businesses and residences, sections 48c and 25d. Though extended for solar, the ITC for small wind and other clean technologies is expiring this year. If renewable energy technologies are not treated fairly, then Congress is picking winners and losers and putting valuable, growing American small and rural companies and American jobs at risk. Ultimately we'd like to see a "distributed wind ITC" that incorporates community scale projects, and legislation has been introduced to that affect. In the meantime, given the urgent need to extend the small wind ITC credits, we'd be excited to see these extensions passed at the earliest possible opportunity.



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And I'd be remiss if I didn't mention how important DOE funding and support is to us as well. DOE and USDA have worked hand in hand on many Farm bill energy title programs over the years, including REAP and the Biomass R&D Act. DWEA would very much like to see further collaboration and simply put more mission critical funding out of DOE for this nascent technology for important research, development and deployment initiatives.

## **Dakota Turbines**

Dakota Turbines belongs to a trio of small, woman-owned companies in rural ND owned and operated by my Somerville family in Cooperstown, ND. Wanting to be involved in our country's renewable energy revolution, we started the Dakota Turbines project in 2006. We produce the DT-30, a 30 KW, utility-interactive, single-phase small wind system that is designed and manufactured in Cooperstown. We manufacture our own blades, alternators and power electronics with our small but dedicated staff of 12 employees. We have received two patents and have two additional patents pending. Most of Dakota Turbines' customers are farmers and ranchers in the upper mid-west. We have identified a particular market niche in hog confinement operations, since the average hog barn electricity usage is on-par with our turbine's average production. We currently have a fleet of 40 machines and have plans for dramatic growth within the next few years.

I have to add that Cooperstown, ND is located within one of the ten USDA-Designated 'Empowerment Zones' within the US. Please find the enclosed paper regarding our Empowerment Zone. The Griggs-Steele EZ is responsible for the industrial building that



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Dakota Turbines calls ‘home’. As a volunteer member of the EZ’s revolving-loan committee and business leader in the zone, I want to emphasize my appreciation for the Empowerment Zone program and thank you in advance for its continued support. And Dakota Turbines literally would not be in existence if it were not for a USDA zero-interest loan that our mother company, Posi Lock Puller, received almost 20 years ago. It was this loan that funded the growth of our precision-machining department. This in-turn gave rise to the manufacturing and engineering capabilities that would one day produce Dakota Turbines.

In closing, the US distributed wind industry is all about supporting small businesses and American jobs. Its customers are rural and ag-related. Coupled with strong policies such as the REAP program and the small wind ITC, it is a shining example of positive economic development in rural America. I can’t think of a more responsible use of taxpayer dollars and I strongly urge continued Federal support.

Thank you, again, for the opportunity to present this testimony. I welcome any questions you may have.