

Sun shines on renewable energy firm

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Star Tribune

April 19, 2014 - 4:26 PM

After winning a competition to build Minnesota's largest solar power project, Geronimo Energy — a company that didn't exist 10 years ago — has emerged as a major force in the state's renewable energy sector.

Geronimo has pushed innovative ideas such as farmer-friendly wind farms and massive solar parks wired directly to power-company substations.

In March, Minnesota utility regulators picked Geronimo's proposed \$250 million solar project — spread across 16 Minnesota counties — in a competition against new natural gas-fired generating units to supply Xcel Energy electric customers. At least one gas plant also is expected to be built.

"This is a landmark decision of solar competing against natural gas," said Geronimo Energy founder and Chairman Noel Rahn in a recent interview. "It's a shot that has been heard around the world."

The company, which has built three wind farms and 10 commercial solar arrays, plans in 2015 to begin building about 20 scattered solar projects. Their total capacity of 100 megawatts will be seven times that of all 730 existing solar power units in the state. Most solar projects are small, rooftop systems. These will be large, ground-mounted systems, with panels that move with the sun and are sited near substations to avoid the need for building costly transmission lines.

The power industry is taking notice because Geronimo Energy's solar strategy promises to deliver power when electrical demand rises with the hum of air conditioners on hot, summer days. Many power companies now rely on summer "peaking" plants that burn natural gas. Geronimo Energy believes its pivoting solar arrays can capture solar power even in late afternoons, when demand spikes.

"One utility called and said they wanted us to come down and talk about the 'Minnesota Model,'" said Nathan Franzen, Geronimo Energy's director of solar and one of the architects of what the company calls "distributed utility-scale solar."

Phyllis Reha, a former Minnesota public utilities commissioner who now works as a regulatory consultant, said utilities have been skeptical that solar can help with summer power demand. The regulators' acceptance of the Geronimo solar project is "a milestone not only in Minnesota but across the country," she said.

How it began

None of this would have happened if Rahn, a retired Twin Cities money manager, hadn't gotten a call out of the blue in 2003.

It came from a renewable energy company — Rahn won't say which one — inquiring about installing wind turbines on



Geronimo Energy plans about 20 solar arrays across the state with panels that track the sun, like these at St. John's Abbey and University in Collegeville, Minn.

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Retired money manager Noel Rahn founded Geronimo Energy to build wind power projects. Now Geronimo is about to build a massive solar project for Xcel Energy. Rahn believes that solar has even more potential than wind power because "there is more sun than wind."

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farmland Rahn owns in southwestern Minnesota near Mountain Lake, a town of 2,100 people where he grew up on a farm.

“They were condescending to farmers and didn’t tell all the truths,” Rahn said.

After rejecting that company’s offer, and with no experience in renewable energy, Rahn decided to build his own wind farm. To lead the project, he tapped Blake Nixon, who worked in finance with Rahn when he headed mutual fund company Investment Advisors International in Minneapolis. Rahn also got help from Charlie Daum, an analyst with his investment company, the Rahn Group. Nixon is now Geronimo Energy’s CEO, and Daum is its business development director.

Their background in finance proved helpful because renewable energy demands capital. After the investment, Rahn said, “the energy is free.” In 2008, the company built the 10-turbine Odin wind farm on Rahn’s land. That same year, they finished a second Minnesota project, the Marshall wind farm.

By 2012, the company completed the larger Prairie Rose wind farm in Pipestone County in the state’s far southwest corner. Like many renewable-energy developers, Geronimo Energy focuses on selecting sites, planning projects and gaining regulatory approval, leaving the construction and operation to others and selling all or part of projects to investors.

It has built a close relationship with Xcel, and recruited one of the utility’s former executives, Betsy Engelking, who joined Geronimo Energy as vice president in 2012. Xcel purchases all of the power from the Prairie Rose Wind Farm, as it will from two more wind projects Geronimo Energy is developing in North Dakota and Minnesota in 2015 and 2016.

‘Farmer-friendly’ strategy

With his agricultural background, Rahn said he has adopted a “farmer-friendly” business strategy for wind projects.

Jeff Mitchell, a third-generation grain farmer and cattle rancher near Courtenay, N.D., remembers when Geronimo Energy approached him and neighboring farmers six years ago. Most wind energy developers make lease payments only to farmers whose land is the site of one or more turbines. Neighbors are out of luck.

But Geronimo Energy committed to pay every farmer in the 22,000-acre Courtenay site a per-acre payment — even those with no towers on their properties. Farmers with towers get additional lease payments. Beyond that, the company also creates and supports a community nonprofit at each of its wind farms.

“Everybody benefits,” said Mitchell, who believes the policy avoids “anger against those who got five or six towers by the neighbors who got nothing.”

Financial muscle helps

Geronimo Energy also has forged an alliance with Enel Green Power SpA, one of the world’s largest renewable energy companies. It owns a stake in Geronimo, has two seats on the board and has a deal to finance and take ownership of finished projects, Rahn said.

“Enel gives them the financial firepower to really get things done,” said Patrick Donohue, a financial strategist with the advisory firm Investyr who has known Nixon for years. “In renewable energy, at the end of the day, it is all about finance.”

With Enel’s financial muscle, Geronimo Energy has in the pipeline more than \$3 billion in wind and solar projects, including six that it says have power purchase agreements with utilities. Most of the deals are in wind, including the Odell Wind Farm planned near Windom, Minn., for Xcel.

In January 2013, Geronimo Energy moved into solar, hiring Franzen to lead that business. He formerly led the solar work at Eden Prairie-based Westwood, which has developed and engineered solar projects across the country. In the past year, Geronimo has built 10 rooftop solar arrays for Slumberland, which is based in Little Canada.

The Geronimo team recognized a narrow window of opportunity to jump into solar.

“Eighteen months ago, we saw solar panel prices drop like a rock,” said CEO Nixon. “We said, ‘We don’t have three years to get in this business. We need to get into it now.’ ”

Ultimately, Rahn believes solar energy has a bigger future, and for a simple reason:

“There is more sun than wind.”

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