



Waiting Game: DMI Hoping Senate Will Approve Tax Credit Extension in Jobs Measure

By Gerry Gilmour
The Forum

Lars Moller is hoping winds of change from Washington, D.C., will set sail to sales at West Fargo's DMI Industries.

A coalition of wind-energy state senators is working to package an extension of the wind energy tax credit - and other alternative-energy initiatives - as part of a major jobs bill in Congress. "I think we're going to get this done," U.S. Sen. Byron Dorgan, D-N.D., said Tuesday from Washington.

"Once that extension takes place, I firmly believe the gates of heaven, or at least the flood gates, will open," said Moller, president of DMI.

The heavy steel manufacturing business - a subsidiary of Otter Tail Corp. of Fergus Falls, Minn., and Fargo - is a leader in the production of turbine towers for the wind industry.

Extension of the federal wind energy production tax credit is vital to the business. Without the 1.8-cents-per-kilowatt credit - which expired at the end of 2003 - wind farm development in the United States is at a standstill.

John DiDonato, wind energy director for FPL Energy, the Florida company behind major wind farms that went on line at Edgeley and Kulm, N.D., last fall, said energy companies aren't willing to pay for wind energy at prices not supported by the tax credit.

"We're developing projects but with the expectation that no steel goes into the ground without the production tax credits," DiDonato said Tuesday.

DiDonato said he couldn't comment on any potential North Dakota projects this year. But to do one, he said, the tax credit would have to be in place no later than early June.

The wind production tax credit was one of many casualties in Washington late last year when Congress failed to pass a new energy bill.

Wind energy advocates and industry leaders are watching closely an effort to attach an extension of alternative energy tax credits, including the one for wind, to the Senate's corporate tax bill, known in Washington as the "jobs bill."

"This is a significant step forward. It creates a realistic opening for the production tax credit to be in effect again," said Jaime Steve, legislative director for the American Wind Energy Association in Washington.

Dorgan said it's been a battle to get a three-year extension of the wind production tax credit attached to the bill.

"This is critical to continuation of the progress we've made in North Dakota on wind energy," the senator said.

With passage in Congress, Dorgan said he expects the bill to be signed by President Bush.

"Tens of thousands of jobs are affected by these energy tax credits. It's not just wind," said DMI's Moller.

DMI in November laid off employees. Orders for new towers had tapered off as the year came to a close. Builders of large wind farms simply weren't willing to proceed on new projects with an extension of the production tax credit.

Moller said most of the employees have been brought back as DMI has seen orders from Canada increase.

The company also picked up a large order for sugar beet industry equipment from American Crystal Sugar Co. and has diversified into steel equipment for the ethanol industry.

Employment stands at 145 today, down from 167 prior to November's layoffs.

"Most of what we built in the first quarter went to Canada," Moller said. That includes a 57-section trainload that rolled out Monday toward Pincher Creek, Alberta.

Canada has a long-term tax credit to promote wind energy production. "It's a smaller market, but fast-growing," Moller said of Canada.

As far as U.S. orders, DMI Industries has some that are provisional to passage of the production tax credits, Moller said.

"I think 2004, with a tax credit, could be even more active than 2003 was in the Midwest," Moller said. "We're sitting on some pretty good orders."

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