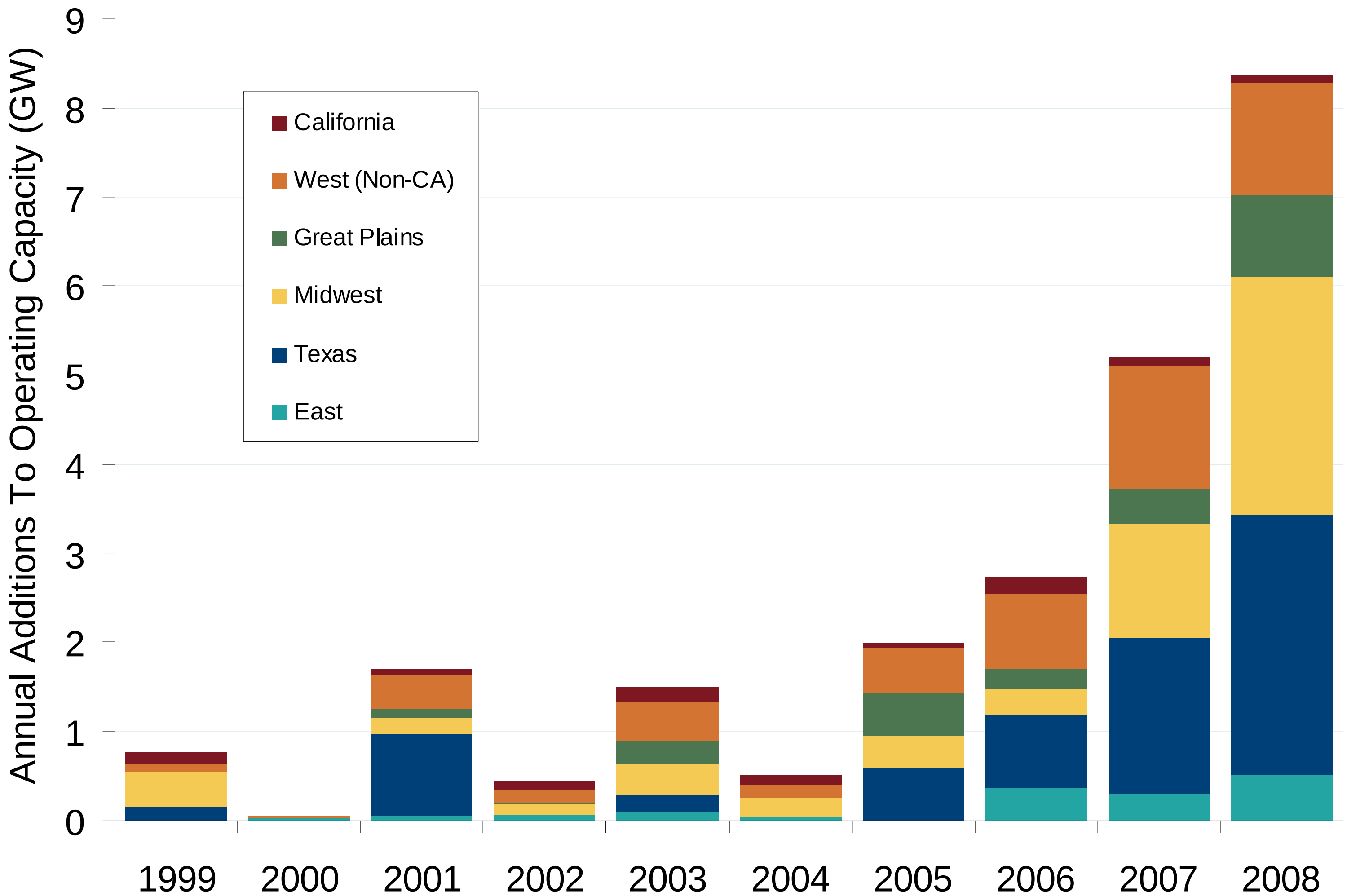
Regional Wind Capacity Growth



West w/o CA: CO, HI, ID, MT, NM, OR, UT, WA, WY
Great Plains: KS, NE, ND, OK, SD
Midwest: IL, IN, IA, MI, MN, MO, OH, WI
East: ME, MA, NH, NJ, NY, PA, RI, TN, VT
Source: Energy Velocity Generating Unit Capacity Dataset

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2008 Review of Wind Capacity and Generation

- Installed wind capacity grew 8,358 MW to 25,170 MW in 2008 from 16,818 MW in 2007, a 50% increase. Wind power was 43% of new U.S. new electric capacity in 2008, surpassing gas-fired generation.
- Installed capacity grew at a compound annual growth rate (CAGR) of 39% from 2004-08, compared to 28% for 2003-07

National wind policy and developments included:

- Congress extended the production tax credit (PTC) through Dec 2009. Indexed to inflation, it is now worth 2.1¢ per kWh for the first ten years a project operates.
- In Feb. 2009, Congress extended the credit through 2012, its longest renewal ever. This extension provides developers and equipment companies better long-term assurance to invest in projects and manufacturing facilities. The three times the PTC lapsed this decade were followed by declines in new capacity in subsequent years: 2000, 2002, and 2004 (see next chart, “Growth in Installed U.S. Capacity”).
- Foreign turbine, tower, and component manufacturers have opened U.S. facilities with the PTC’s steady renewal, lowering equipment transportation costs. In 2008, 30 facilities were announced, 10 opened, and 18 existing facilities expanded; 9 came online and 11 were announced in 2007.
- The economic turndown has led to some facility cutbacks, employee layoffs, project delays, and equipment order postponements.

State policies encouraged wind’s growth:

- 16 of the top 25 states by cumulative MW had an RPS (14 in 2007), 3 had renewable goals (3 in 2007) while 6 had neither.
- 34% of 2008 capacity additions – 7,454 MW – were in the 20 states with the highest wind potential; 86% of total U.S. wind capacity – 21,741 MW – is in those states.

State policies (continued):

- 80% of total U.S. wind is in the top ten states. The top 5 states by installed capacity (new 2008 MW) are:
  - Texas: 7,116 MW (2,670)
  - Iowa: 2,790 MW (1,519)
  - California: 2,517 MW (78)
  - Minnesota: 1,752 MW (454)
  - Washington: 1,375 MW (212)
- Texas kept its lead as the state with the most wind capacity; Iowa passed California for 2nd place. Oregon and Colorado each have more than 1,000 MW installed.

The Commission acted to improve wind interconnection:

- Wind’s rapid capacity growth created a backlog in many interconnection queues. FERC held a technical conference in December 2007 (AD08-2) to re-examine its Large Generator Interconnection Rule (Order 2003). ISOs and RTOs reported that queuing procedures specified in the Order impeded their timely interconnection of wind resources.
- In March 2008, FERC directed RTOs and ISOs to report on the status of their efforts to improve the processing of projects in their queues; it offered guidance on reforms including increased staffing, more efficient modeling, or clustering requests.** Queue reform Orders were subsequently approved for the Midwest ISO (2008), California (2008), and ISO-New England (2009).
- FERC accepted the tariff provisions NYISO proposed, which allowed it to implement a centralized program to incorporate wind output into its day-ahead and real-time energy markets. Ongoing costs are recovered from wind plant operators.***

* CAGR is a better indicator of growth rates over time than a straight percent.
** *Interconnection Queuing Practices,* 122 FERC ¶ 61,252 (2008)
*** *New York Independent System Operator, 123 FERC* ¶ 61,267 (2008)
Source: OE analysis, derived from data in Commission filings; American Wind Energy Association (AWEA); DOE, *Annual Report on U.S. Wind Power*; Energy Velocity; Lawrence Berkeley National Laboratory; and trade press.

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