

Testimony of Denise Bode
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Hearing on “Reinvigorating the Economy through Stimulus Legislation:
Opportunities for All”
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Introduction

Chairman Markey, Ranking Member Sensenbrenner, and distinguished members of the Select Committee, thank you for the opportunity to testify.

My name is Denise Bode. I am the new CEO of the American Wind Energy Association (AWEA). AWEA is the national trade association of America’s wind industry, with more than 1,800 member companies, including project developers, manufacturers, and component and service suppliers.

I come before you at an extraordinary time in our nation’s history. The economic, national security, energy and environmental challenges are numerous and momentous. Fortunately, the industry I represent can play a key role in solving many of them, including serving as an economic driver.

Our industry is prepared to achieve the President-Elect’s goal of doubling renewable energy over the next three years. But, to do so, we need Congress to adopt the right policies as part of the economic recovery bill now being developed. We have had encouraging conversations over the past several days with Members of Congress, staff, and the transition team and I am hopeful that economic recovery legislation will include key provisions to enable us to continue to grow through the economic downturn.

Status of the Wind Energy Industry

The growth in the wind energy sector in the United States over the last several years has been incredible. Wind energy is no longer a boutique energy source. It is mainstream and deployable immediately on a wide scale. We do not need to wait for a new energy future. It is here.

Last year was the 4th straight year of record growth in the wind industry. We’re still compiling final numbers, but more than 7,500 megawatts of wind energy were installed, second only to natural gas for the fourth year running.

Total wind energy capacity is now over 24,000 megawatts. That is equivalent to 18 typical coal plants or 8 nuclear plants.

Our industry has seen significant growth in manufacturing as well. More than 65 new or expanded manufacturing facilities have been announced or opened since January 2007 in

more than 21 states. Auto sector facilities have retooled to manufacture for wind. A former appliance manufacturing plant was renovated to build turbine blades. I suspect there is no other sector of the economy that can point to that kind of manufacturing growth over this difficult economic period.

Our industry employs at least 80,000 workers in good paying jobs. We are the backbone of the new energy economy. And, we're just getting started.

In May 2008, the U.S. Department of Energy released a report on the feasibility of achieving 20% of our nation's electricity from wind energy alone by 2030. The DOE concluded that it is doable with no technological breakthroughs and that achieving that level of deployment would have significant benefits for the environment and our economy, including employing 500,000 people.

The Impact of the Economic Downturn on the Wind Energy Industry

While the wind industry's growth has been strong, the industry has not been immune to the larger forces that have dragged our economy down.

Major developers of wind farms have publicly announced plans to cut back on turbine installations by 25%-50% in 2009.

This setback on the development side is also impacting manufacturers. DMI Industries, a tower manufacturer, is laying-off around 190 employees. LM Glasfiber, a blade manufacturer, is laying-off 150 workers. TPI Composites, another blade manufacturer, has delayed plans to hire 300 workers. And, Trinity Structural Towers is laying-off 131 workers.

Job losses will mount without congressional action. According to recent analysis, a failure to resolve the credit crisis and make sure tax incentives for renewable energy work in a down economy will result in the loss of 89,000 jobs in wind energy and related industries.

Because wind energy is a capital-intensive and growing industry, many developers do not have enough income and a large enough tax bill to directly use tax incentives - PTCs and accelerated depreciation - intended to promote renewable energy. Instead, they partner with large financial institutions that can better use the incentives to offset their own tax liabilities.

The economic decline has eliminated many major financial players from the tax equity markets, dramatically reducing the ability of many wind power developers to realize the intended benefits of available tax incentives. The number of tax equity investors has been slashed from 20 in 2007 to approximately 5 today. Yet, according to Hudson Clean Energy Partners, in order to meet the demand for tax equity from renewable generators the tax equity market would need to double to \$11.1 billion in 2009, \$17.6 billion next

year and nearly \$30 billion in 2011 to put us on the path to achieving President-Elect Obama's goal of doubling renewable energy. That is a lot to ask of only five investors.

Specific Policies Needed in Economic Recovery Legislation

The wind energy industry is seeking temporary changes in federal renewable energy incentives that will help expand the number of investors in renewable energy projects, assist in providing adequate capital for project development, and ensure the incentives provide the benefit Congress originally intended when extending the PTC.

Specifically we support:

(1) Changes that enable renewable energy developers to effectively monetize their PTC and accelerated depreciation benefits to the extent they do not have sufficient levels of taxable income to otherwise utilize these tax incentives;

(2) Allowing renewable energy developers to carry back PTCs generated in 2008 and 2009 (regardless of when the facility was put into service) against their tax liabilities over the prior decade to the extent they make new renewable energy investments in 2009;

We are also seeking:

(3) A long-term extension of the PTC to provide a more stable investment environment for renewable energy developers.

Conclusion

Thank you for the opportunity to testify. The President-elect and Members of Congress from both parties have championed renewable energy. We sincerely thank you for that support. However, we need Congress and the President-Elect to recommit to renewable energy by adopting these critical provisions in economic recovery legislation.

Finally, you can learn more about the wind energy industry's full policy agenda online at newwindagenda.org

I am happy to answer any questions.

House Rule XI(g)(4) Compliance Statement

The American Wind Energy Association received a grant from the U.S. Department of Energy Golden Field Office totaling \$275,000 for the period December 1, 2006 through December 31, 2008 of which \$162,128.15 had been distributed as of September 30, 2008.