



May 14, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
U.S. Capitol, S-221
Washington, D.C. 20510-3102

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
U.S. Capitol, H-232
Washington, D.C. 20515-0530

The Honorable Mitch McConnell
Minority Leader
United States Senate
U.S. Capitol, S-231
Washington, D.C. 20510-0202

The Honorable John Boehner
Minority Leader
United States House of Representatives
U.S. Capitol, H-204
Washington, D.C. 20515-4306

Dear Majority Leader Reid, Speaker Pelosi, Minority Leader McConnell and Minority Leader Boehner:

The U.S. wind industry and the American Wind Energy Association appreciate the recognition of the need for a national Renewable Electricity Standard (RES) that has been shown as comprehensive energy legislation is being considered in the House and Senate. However, we are concerned that the significantly lower renewable targets currently being discussed, as compared to those proposed by President Obama, Chairman Bingaman and Chairman Markey, will severely blunt the signal for companies like ours that manufacture turbines and components to invest billions of dollars to expand production and our workforces in the U.S. America is competing for renewable energy manufacturing jobs with 37 other countries, including China, that have firm renewable electricity commitments in place. Now is the time for bold leadership to secure these jobs for the U.S. The role of strong domestic manufacturing capabilities as a foundation for the wind industry is apparent from the more than 1,000 AWEA members who currently manufacture or plan on manufacturing wind turbines and wind turbine components.

A national RES is one of the strongest policies to promote more renewable energy because the combination of long-term demand and an immediate market triggers investment in manufacturing facilities. An RES provides specific near-, mid-, and long-term market demand that other policies do not offer. The demand for U.S. manufacturing is directly linked to the size of the mid- and long-term market for annual wind installations in megawatts (MW). With an RES, investors can reasonably estimate whether a proposed new manufacturing facility will be profitable over a 10-year or longer time horizon.

The U.S. cannot expect manufacturers to continuously commit to new manufacturing facilities and take the risk of investing billion of dollars in wind facilities when the U.S. itself is not willing to commit to renewable energy. The wind industry has made it clear that its investment in new projects and new manufacturing is contingent on a well-developed and stable market for renewable energy.

→ **Vestas**, the world's largest wind turbine supplier, plans to invest \$1 billion in manufacturing facilities in the U.S. The company is also aggressively establishing a U.S.-based supply chain. By 2010, we expect to have over 4,000 employees in the U.S. Vestas is making these investments in the belief this Administration and Congress would follow through with its commitment to create a long-term clean energy policy. The U.S. needs to establish a strong Renewable Electricity Standard to provide a robust manufacturing base in this country.”

- Roby Roberts, Senior Vice President of External Relations, Vestas Americas

→ “Passage of a Renewable Electricity Standard by Congress would send a clear signal that the United States is fully committed to building a sustainable renewables industry.”

- Vic Abate, Vice President, Renewables, **GE**, opinion piece in *The Hill*

→ “If Congress were to establish a Federal RES this year, **GE** would...explore the expansion of existing wind turbine assembly facilities and addition of new facilities...With a long-term stable policy GE can foresee the significant expansion of current blade and drive train supplier facilities and investment in 4-6 new tower manufacturing facilities. These investments could result in the creation of approximately 3,000-5,000 new jobs...[W]e are aware of 10 to 12 foreign suppliers who have expressed a strong interest in opening facilities in the U.S., but are awaiting a long term policy signal”

- Edward Lowe, GE, Testimony to House Committee on Energy and Commerce, February 26, 2009

→ “As a supplier to wind farm developers and turbine manufacturers, **NRG Systems** knows the importance of stable long-term federal policies like the Renewable Electricity Standard. Our company has been in the wind industry for over 25 years, and during that time we have weathered the boom-and-bust cycles of inconsistent federal policies that have hobbled our industry. An RES would provide welcome certainty for investors, encourage the development of clean wind energy, and enable us to tackle climate change right away.”

- Jan Blittersdorf, President and CEO, NRG Systems

→ "**Gamesa** is the perfect example of how a renewable energy portfolio standard can promote clean energy production, revitalize the U.S. manufacturing base, and create good and green local jobs. Pennsylvania has its own state-specific portfolio standard that has made the commonwealth a highly competitive place to do business for renewable energy development --- so much so that Gamesa decided to locate its U.S. headquarters, East Coast development office and North American manufacturing

facilities in the state. Since 2005, the company has invested more than \$200 million in Pennsylvania and employs nearly 800 workers. A national renewable electricity standard puts the entire country on the same green economy page, helping us to build a clean energy future, making us safer and more secure at home, and repowering local economies by creating a nationwide market for renewable energy development."

- Michael Peck, Director of Media, Institutional & Labor Relations, Gamesa

→ "We need a long-term policy signal in order to commit to expanding our current wind blade operations as well as to establish new operations in the U.S. In Newton, Iowa, **TPI** replaced over 300 jobs lost when Maytag left town. We are looking to create more Newton type stories. A significant Renewable Electricity Standard would provide that needed signal."

- Steve Lockard, President and CEO, TPI Composites

→ "As a growing and diversified wind energy company, **Broadwind Energy** has made investments in gear manufacturing, tower manufacturing, transportation and services companies, all for growing in the wind industry and employing over 1,000 people in Wisconsin, Illinois, South Dakota, Texas, California and Pennsylvania. A commitment from the U.S. through the RES will spur a long period of investment in jobs and manufacturing for the U.S. wind industry."

- J. Cameron Drecoll, CEO, Broadwind Energy

→ "**REpower** believes passage of long-term policy supportive of wind energy, such as a national RES, provides a strong signal to companies such as REpower that are ready to make investment in wind industry jobs and economic growth. Absent such long-term stability the business case for investment becomes much more difficult to justify."

- Steve Dayney, CEO, REpower USA

→ "At **PPG Industries**, a leading supplier of coatings and specialty materials, we view a national RES as critical to establishing America's position as a world leader in renewable technology development. Over the past several years, we have invested roughly \$20 million to retool factories in North and South Carolina to manufacture fiber glass used in wind turbine blades, supporting hundreds of green manufacturing jobs in the region. A national RES would provide the long-term commitment the private sector needs to make capital investments in new factories and capacity in support of renewable energy"

- Victoria M. Holt, Senior Vice President, Glass and Fiber Glass, PPG Industries

→ "Prior to the global economic crisis which began last fall, the wind industry, including **Clipper**, was in a major boom period wherein demand for wind turbines in the U.S. outstripped the capacity of U.S. suppliers, requiring many components to be sourced abroad. In 2008, in fact, 200 domestic suppliers produced only about 50% of Clipper's turbine content due to lack of a ready supply industry. As we move forward with the Obama Administration's renewable energy goals, Clipper and the industry will again be challenged with a lack of necessary U.S. supply and services capability. To keep supply and jobs in the U.S., we urge support of a national 25% RES which will bring

stability to the industry and encourage investment in additional U.S. manufacturing capacity, creating thousands of new green jobs in the U.S. New domestic manufacturing capability, for components such as large diameter bearings, precision gears, large castings, towers, blades, and others must be put in place now to prepare the U.S. for the coming strong, wind turbine demand – failure to pass this important legislation will encourage a greater percentage of foreign content.”

- David Willett, Vice President, Manufacturing, Clipper Windpower

Short-lived tax credits have succeeded in generating significant short-term wind project development. Growth in US wind projects has led to an increase in domestic content of wind turbines from less than 25% a few years ago, to now approaching 50% with current manufacturing announcements. However, the tax credits, that last one to three years at a time and that have expired numerous times, do not provide investors with a clear enough signal to make long-term investments in manufacturing.

While greenhouse gas emission reduction regulations will send a market signal for cleaner energy, such regulations are unfortunately too weak, too distant, and too volatile to justify immediate manufacturing investments. Investments in manufacturing will not be made in the U.S. today based on the hope of a strong climate price signal 10 years from now. The RES, as part of comprehensive greenhouse gas policy, provides the market stability and predictability that neither tax incentives nor greenhouse gas regulations can provide in isolation. As a package, these complementary policies add up to a comprehensive solution that not only diversifies our energy mix, but also secures manufacturing investment and reduces our greenhouse gas emissions immediately.

America is on the verge of losing the wind manufacturing industry to Asia and Europe. There is significant international trade in wind turbines and the competition to host this industry is intense. America trails its competition in passing stable renewable energy policy commitments. Thirty-seven other countries have firm commitments. With those commitments establishing specific wind goals, such as for example 100,000 MW in China, those companies looking to make an investment in wind manufacturing will find a more stable and suitable market for their investment in Asia or Europe if the U.S. does not act.

We look forward to working with you and all Members of Congress to ensure that one of the best opportunities to enact a critical policy to drive new manufacturing jobs in the U.S. in the next decade is not lost.

Sincerely,

Victor Abate, Vice President for Renewables, **GE Energy**
Jan Blittersdorf, President and CEO, **NRG Systems**
Denise Bode, CEO, **American Wind Energy Association**
Steve Dayney, CEO, **REpower USA**
J. Cameron Drecoll, CEO, **Broadwind Energy**
Victoria M. Holt, Senior Vice President, Glass and Fiber Glass, **PPG Industries**
Steve Lockard, President and CEO, **TPI Composites**
Michael Peck, Director of Media, Institutional & Labor Relations, **Gamesa**
Roby Roberts, Senior Vice President of External Relations, **Vestas Americas**
David Willett, Vice President, Manufacturing, **Clipper Windpower**

Cc:

Chairman Jeff Bingaman

Chairman Henry Waxman

Ranking Member Lisa Murkowski

Ranking Member Joe Barton

Members of the Senate Energy & Natural Resources Committee

Members of the House of Representatives Energy & Commerce Committee