

Testimony of the  
**American Wind Energy Association**

before the

**House of Representatives  
Committee on Small Business  
The Honorable Nydia M. Valazquez, Chairwoman**

**“The Role of Green Technologies in Spurring Economic Growth.”**

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**Gregory Wetstone  
Senior Director for Government and Public Affairs  
American Wind Energy Association**

Chairwoman Velazquez and members of the committee, my name is Gregory Wetstone and I serve as Senior Director for Government and Public Affairs at the American Wind Energy Association (AWEA). Thank you so much for the chance to join you this morning and talk about the tremendous opportunity for small business associated with wind energy in the United States.

Although we also have a number of big companies like General Electric and BP, most of our more than 1,500 members are small businesses. These companies produce critical wind turbine components like gears, bearings, and electrical parts. They make composites for blades, and provide maintenance for wind turbines. They're in the shipping and transportation business and they work construction as wind farms go up around the country.

This is no small matter. Once a boutique power source, wind energy has now moved into the mainstream of U.S. electricity generation. The U.S. currently boasts more than 18,000 megawatts of wind generating capacity spanning 34 states and producing enough electricity to power 5 million homes. For three consecutive years wind has been second only to natural gas as a source of new electrical capacity. The rate of industry growth escalated dramatically in 2007, when new installations more than doubled and wind provided 35 percent of the nation's new electrical capacity.

With one of the best wind power resources of any nation and rapidly growing electricity demand, the U.S. is today the world's biggest market for wind energy development. The construction, manufacture and operation of wind power facilities is a rare bright spot in a tough economy, creating jobs and spurring growth to the tune of more than \$9 billion in investment last year. Since January 2007, 28 new wind industry manufacturing plants have opened or been announced in Arkansas, California, Colorado, Idaho, Illinois, Iowa, Michigan, Montana, Nebraska, New York, North Carolina, Oklahoma, South Dakota, Texas and Wisconsin. A wind turbine has some 8000 parts, and a turbine assembly plant can be expected to rely on some 400 sub-suppliers, many of which are typically small businesses.

Growth in U.S.-based manufacturing has not been limited to just the turbine assembly companies and manufacturers of major components. The wind power supply chain is also spurring an expansion in demand for basic products and materials used in other industries. For example, suppliers to the automotive and other heavy-equipment industries — such as steel providers, foundries, and fabricators — are now providing the raw materials, metal castings, and machining for wind turbines.

Blades are one of the largest components that make up a wind turbine. By the end of this year, the U.S. will have at least eight different blade manufacturers with a total of eleven U.S. manufacturing locations employing over 5,000 people. In 2005 there were only two U.S. facilities. Gearboxes for wind turbines have historically been imported. However, today companies like Winergy Drive Systems, based in Illinois, are expanding capacity to meet growing demand. Another company, K&M Machine Fabricating, Inc. of Michigan once primarily served the mining and construction industry. But today K&M finds most

of its business from wind power. Because of wind energy growth, K&M expects to add an additional 120 jobs over the next two years to a state that is in its fourth year of recession.

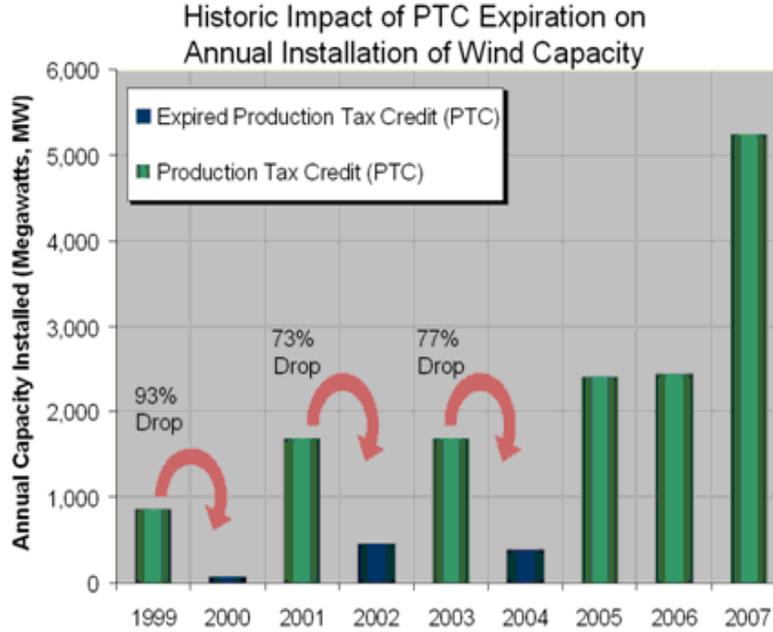
Other states such as Iowa, Pennsylvania and Ohio have been quick to seize the wind opportunity, creating task forces and plans to capture wind component manufacturing. Since 2005, Iowa alone has brought half-a-dozen wind energy companies and thousands of new jobs to the Hawkeye state. As for Ohio, *Gear Technology* magazine notes that “from casting for gearboxes, to tension bolts, to pitch control systems, Ohio companies are already manufacturing key components for this rapidly growing industry.”

In addition to spurring thousands of new green jobs, wind power also helps diversify America’s power supply and stabilize electricity costs, which is good news for *any* small business. Since wind uses no fuel, the price of electricity from a wind farm is unaffected by gyrations in global markets for oil and natural gas. Studies project more than \$100 billion in consumer savings if wind and other renewable energy sources provide 15% of our electricity.

The dramatic recent growth in the wind industry could be just the beginning, according to the U.S. Department of Energy (DOE) which last month released a report documenting the feasibility of expanding wind power to provide 20% of U.S. electricity needs by the year 2030. To achieve this growth, the U.S. will need to surmount important challenges: increasing transmission, providing stable federal policy support, and continuing to build wind turbine manufacturing capability. But no technological breakthroughs will be needed.

Such an expansion in wind power would create 500,000 American jobs. But that is only the beginning of the benefits. Achievement of 20% wind power would also boost economic development in windy rural areas, promote our energy security, and provide for a critical contribution to the climate solution, reducing greenhouse pollution as much as taking 140 million vehicles off the road.

Wind energy has been a source of important economic growth over the past three years, especially for small companies. But today, all of that progress is in jeopardy. The reason is that the one major federal policy that supports renewable energy, the Production Tax Credit (PTC), is about to expire. The PTC has expired three times since 1999, leading in each case to dramatic declines (70 to 90 percent) in new wind power development. (See the chart I below.)



Already, the delay in extending the renewable energy credits is reducing investment in wind energy projects scheduled to come on line next year. Not surprisingly, investors want to know what tax policies will apply before they commit to projects for the next calendar year. A study by Navigant Consulting concluded that expiration of the tax credits would place 76,000 wind industry jobs, and more than \$11 billion in clean energy investment at risk.

There is broad support across the political spectrum for extending the credit. It is absolutely critical that Congress act quickly to find a way through the current impasse and enact a full value, long-term extension of the PTC. That is the starting point for a healthier economy and a cleaner energy future.

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Gregory Wetstone  
 Senior Director for Government and Public Affairs  
 American Wind Energy Association  
 1101 14<sup>th</sup> Street, NW  
 12<sup>th</sup> Floor  
 Washington, D.C. 20001