



**Great Lakes Regional Wind Energy Institute**

# **AWEA POLICY UPDATE**

February 24, 2009

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# American Wind Energy Association

## Trade Association for Wind Energy Industry

- **Policy:** Develop policies and conduct policy analysis to support wind industry growth
- **Legislative:** Execute wind energy industry's legislative agenda
- **Communications:** Promote wind energy through advertising and media relations
- **Conference and Education:** Convene conferences and workshops to educate the public and bring industry members together

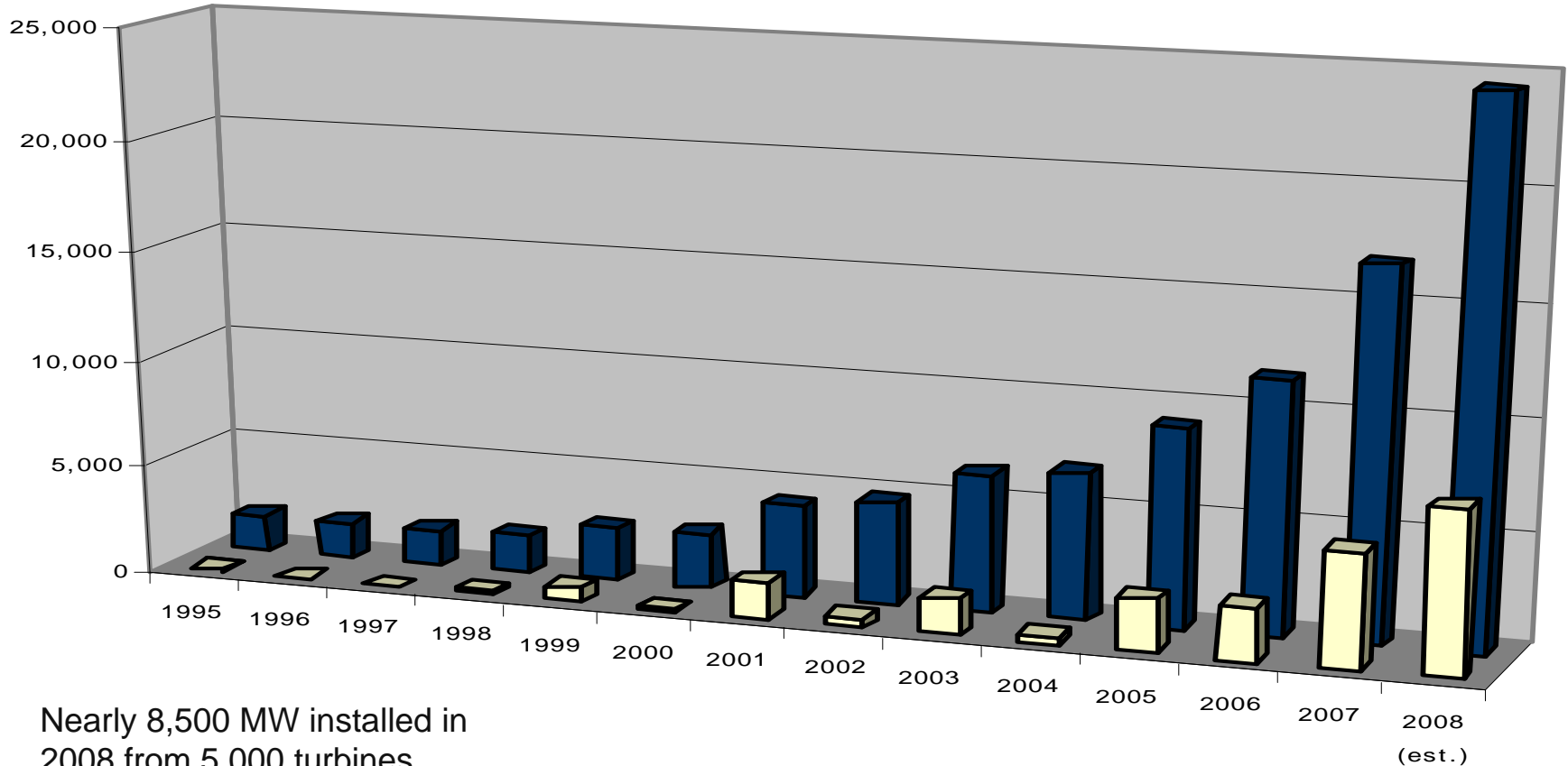
[www.awea.org](http://www.awea.org)



# Wind Energy Industry Overview & Trends

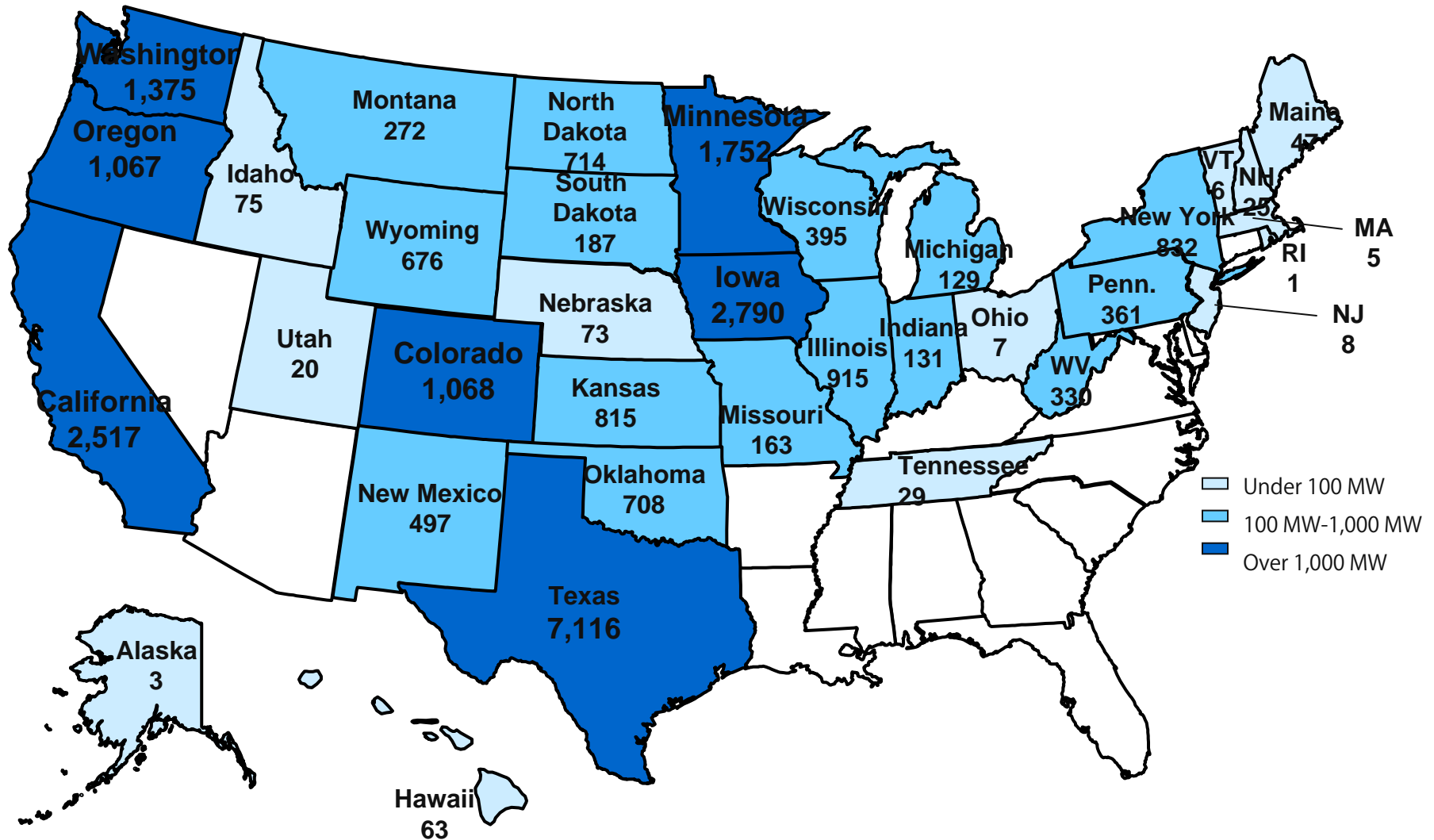


# Wind Power is Taking Off in U.S.



Source: AWEA Quarterly Market Report

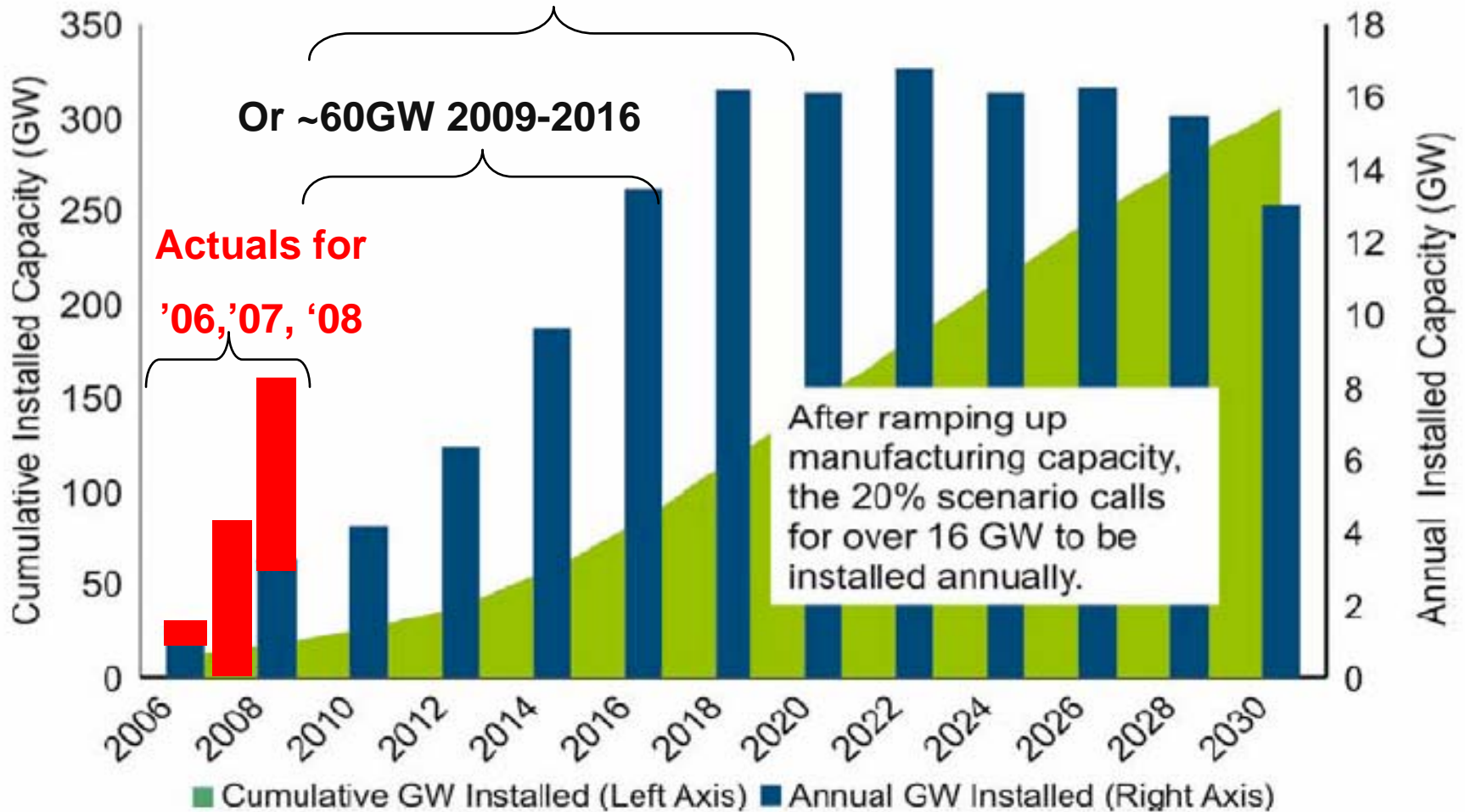
# Wind Power Installed – 12/31/08



# Wind Power Ramping up to 20%

Wind can add ~125GW 2009-2020

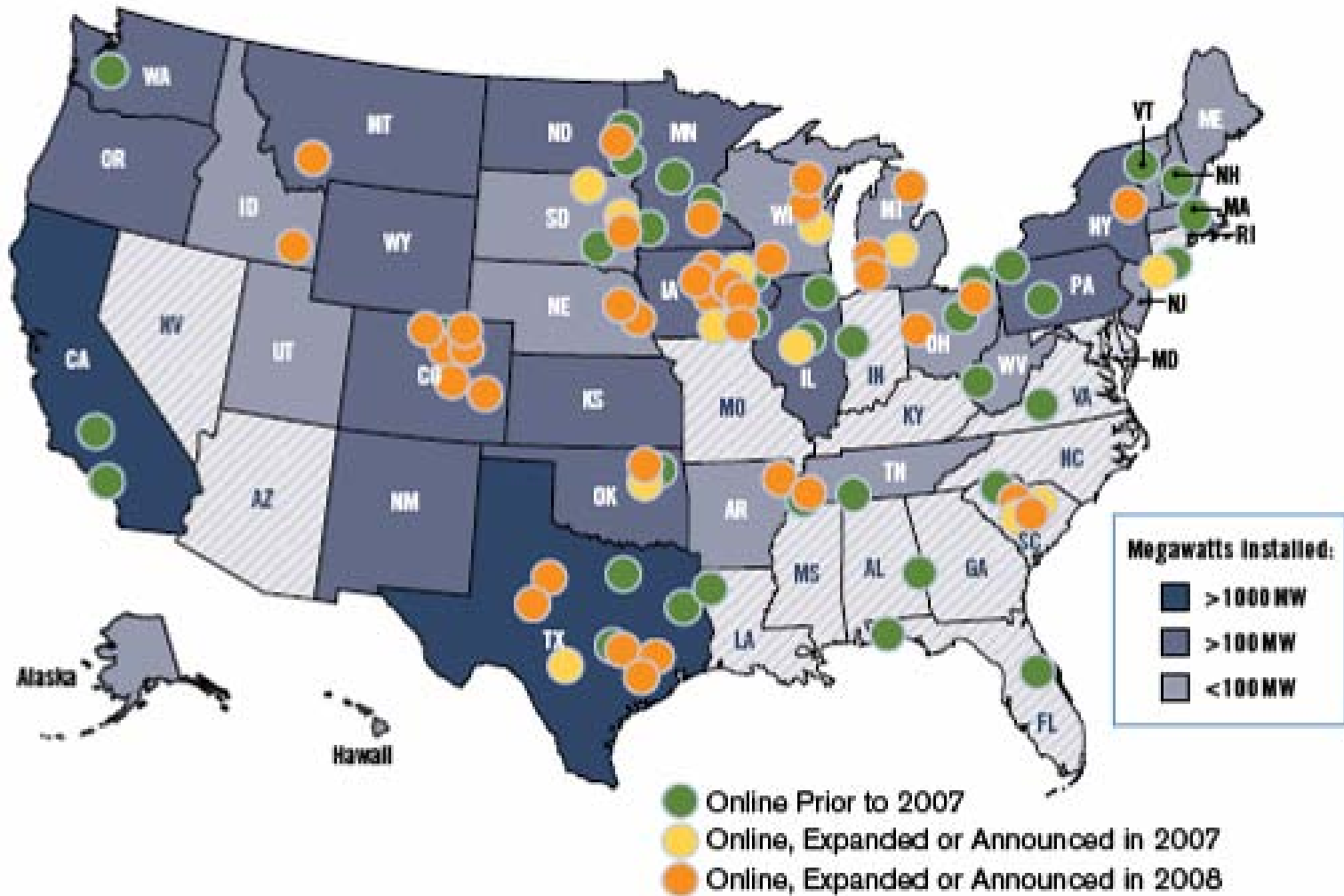
Or ~60GW 2009-2016



# Some Key US Wind Facts

- 8,358 MW added in 2008 - 42% of the new power producing capacity in U.S. - enough to serve over 2 million homes
- Wind energy industry added > \$17 billion in investment into the U.S. economy in 2008
- 55 new / expanded wind power manufacturing facilities in 2008
- 85,000 people employed in the wind industry today
- Share of domestically manufactured wind turbine components grew from < 30% in 2005 to ~ 50% in 2008

# Sample of Wind Industry Manufacturing Facilities



*A national RES would signal long-term policy commitment to renewable energy. This would foster significant growth in manufacturing investment across the U.S. Source: AWEA, September 2008*



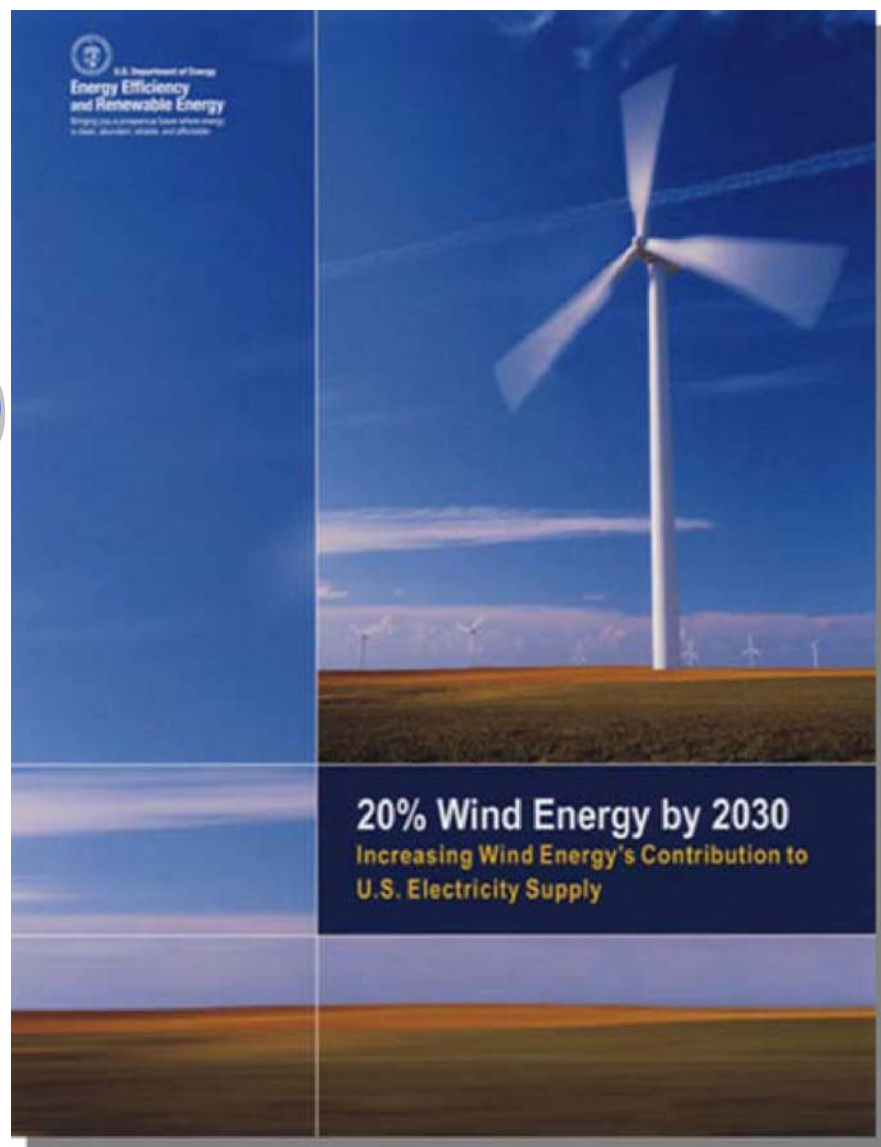
# The Wind Industry Legislative Agenda



# 20% Wind Energy by 2030

Increasing Wind Energy's Contribution to U.S. Electricity Supply

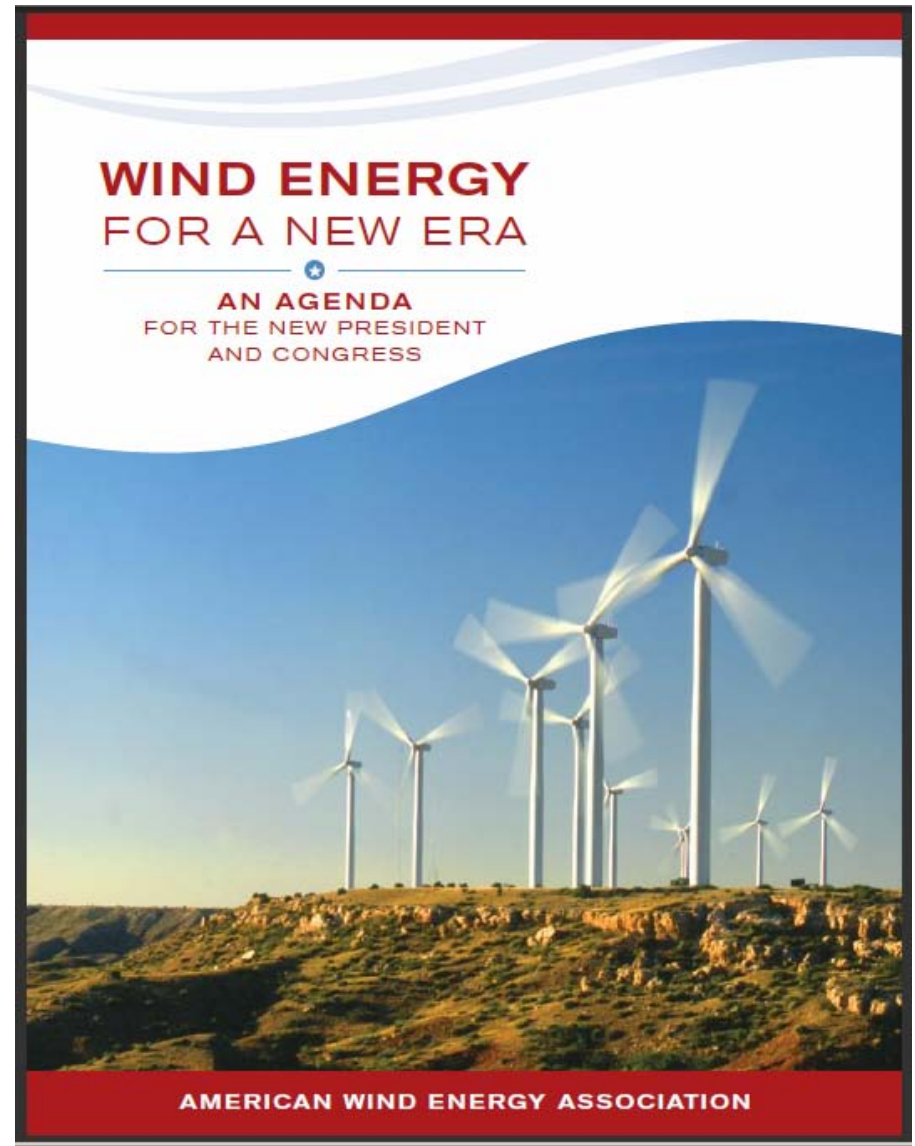
[www.20percentwind.org](http://www.20percentwind.org)



# Wind Energy for a New Era

An Agenda for the New  
President and Congress

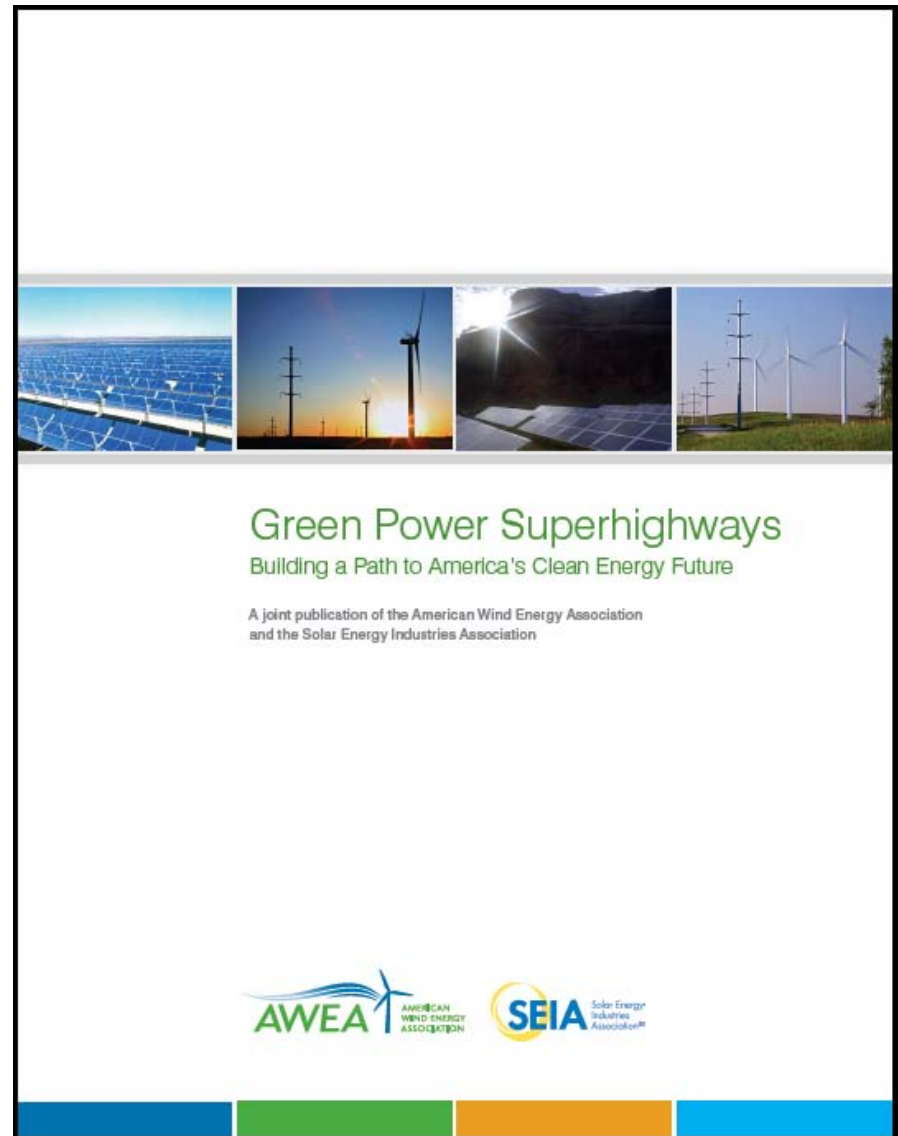
[www.newwindagenda.org](http://www.newwindagenda.org)



# Green Power Superhighways

Building a Path to America's  
Clean Energy Future

[www.awea.org/GreenPower  
Superhighways.pdf](http://www.awea.org/GreenPowerSuperhighways.pdf)



# AWEA Legislative Priorities

## Immediate Action:

- Restructure PTC to work in adverse economy

## Short-Term: (next 5 years)

- Multi-year PTC Extension

## Mid-Term: (5-15 years)

- National Renewable Electricity Standard (RES)
- Transmission Legislation

## Long-Term: (2025 and beyond)

- Effective Carbon Regulation

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# 2009 American Recovery and Reinvestment Act

- **Three Year Extension of the PTC (Sect. 1101)**
  - Extends PTC for wind power three years to 12/31/2012
- **Temporary ability to claim ITC (Sec. 1102)**
  - Temporary ability to claim ITC 30% investment tax credit (ITC) instead of production tax credit (PTC)
  - This is an option, not a requirement
- **Treasury grant program (Sec. 1603)**
  - Allows taxpayers that are eligible for ITC (including investment tax credits claimed in lieu of production tax credits) to receive an equivalent financial grant from the Department of Treasury instead

# 2009 American Recovery and Reinvestment Act

- **Extension of bonus depreciation (Sec. 1201)**
  - Extends this temporary benefit for capital expenditures incurred in 2009.
- **Removal of small wind caps (Sec. 1103)**
  - ITC for Small Wind first introduced in 2008 now uncapped
- **Clean Renewable Energy Bonds (CREBs) (Sec. 1111)**
  - Authorizes and additional \$1.6 billion for new clean renewable energy bonds (CREBs) (not just for wind power)
  - Maintains 1/3, 1/3, 1/3 allocation split

# 2009 American Recovery and Reinvestment Act

- **Repeal of subsidized energy financing limitation on the ITC (Sec. 1103)**
  - Full ITC now available even if such property is financed with industrial development bonds, or through any other subsidized energy financing.
- **Manufacturing tax credit (Sec. 1302)**
  - New 30% credit for investment in qualified property used in a “qualified advanced energy manufacturing project.”
  - Renewable energy manufacturing project “that re-equips, expands, or establishes a manufacturing facility for the production of property designed to be used to produce energy from the sun, wind, or geothermal deposits.”

# 2009 American Recovery and Reinvestment Act

- **Allocations:** (partial listing only)
  - Bonneville Power Administration - \$3.25 billion in borrowing authority for transmission that delivers renewable energy
  - Western Area Power Authority - \$3.25 billion in borrowing authority for transmission that delivers renewable energy
  - \$4.5 billion for DOE's Electricity Delivery and Energy Reliability program (ED), including worker training, subsequent legislation for transmission improvements, resource assessment of future demand and transmission requirements, transmission plans, smart grid.
  - \$1.25 billion in Energy Efficiency & Renewable Energy R&D
  - \$500 million for Green Jobs training.



# Federal RES Legislation



# Federal RES

- **A federal Renewable Electricity Standard (RES):**
  - establishes a market based system
  - in which utilities in each state are required to provide a minimum percentage of electricity from renewable sources
  - or purchase sufficient RECs (renewable energy credits).
- **State RES program are currently in place in 28 states.**
- **Federal RES passed the House in 2007 and the Senate in 2005.**

# Key Elements of a Federal RES

- **A long term target:**
  - AWEA supports President Obama's goal of 25% renewable electricity by 2025.
- **The near-term target is key:**
  - President Obama's goal: 10% by 2012.
  - Could be less aggressive if strong incremental increases.
- **Alternative compliance payment:**
  - The ACP must be set high enough to spur renewable project development.
- **State Standards:**
  - States must retain rights to impose higher standards.

# Federal RES Key Points

- **Why aren't state standards sufficient ?**
  - A national standard is needed to provide a level playing field across the country and jump-start renewable energy development needed to meet climate change goals.
- **Won't an National RES raise electricity prices ?**
  - On the contrary, a 2007 study by Wood Mackenzie found that a national RES would save consumers nationwide over \$100 billion.
- **Can the southeastern U.S. meet a national RES ?**
  - Yes, the Department of Energy found that a national RES would triple biomass energy production, which would help the southeastern U.S. meet a national goal. Offshore wind development and increased transmission will also help.

# Federal RES Legislation

- **Current State of Play:**
  - House and Senate have unveiled RES proposals
  - Transmission proposals being developed in House (Inslee) and Senate (Reid, Dorgan, Bingaman)
  - RES likely to be included in energy legislation, transmission may also be included
  - Both items are priority for President Obama (who supports 25% by 2025)
- **Energy legislation is likely to be on late winter / spring agenda for Congress**
  - As soon as late March, early April
- **Climate and Federal RES could be combined in House effort**



# Other Priority Legislative Issues

- Transmission
- Climate Legislation



# Climate Change Legislation

- **President, House Speaker, Senate Majority Leader, key committee chairs support climate legislation**
- **AWEA supports cap and trade legislation that will protect the planet's climate and appropriately value carbon-free electricity generation**
  - more specific policy recommendations concern emission reduction targets, allocation, auction revenue, and cost containment
  - economic downturn may slow progress, but climate legislation activity is still likely to begin to move this year
  - a carbon tax could work, depending on level and what is done with revenue

# The Case for a Green Interstate Transmission Highway

- **Transmission is needed to bring wind from windy rural areas to population centers.**
- **AWEA supports:**
  - Interconnection-wide planning
  - Allocating costs broadly
  - Consolidated certification and siting authority
- **Transmission reform will facilitate meeting a federal RES; RES will spur transmission.**
- **Stimulus Bill includes money for transmission development (BPA, WAPA, and DOE)**



# Other AWEA Legislative Issues

- Siting
- Federal R&D Funding
- Small Wind Investment Tax Credit



# Federal Siting Policies

- **FWS Advisory Committee** – writing national wildlife guidelines for wind turbines
- **Forest Service** – drafting wind project policy
- **BLM** – has policy, needs better implementation
- **MMS** – nearly final rules for offshore wind
- **Congress** -- educate about wind's impacts on wildlife and the environment
- **DOD & FAA & others** -- resolve wind / radar issues

# Federal Wind Power R&D and Related Appropriations Funding

- **Stimulus bill includes funding for renewable energy research and development**
- **Long-term need for continued investment in research, development, and deployment funding**
  - AWEA is advocating for \$217 million in funding for research, development, and deployment to meet 20% by 2030 goal.
  - This funding level includes grid integration, education and workforce development, siting, and resource modeling.

# Small Wind ITC

- **Economic Stimulus Bill removes the caps on the Small Wind ITC**
  - This would give small-wind parity with solar PV
- **This Should Create More Jobs in a U.S.-Led Industry**
  - 98% of small wind systems sold in the U.S. are made by U.S. manufacturers
  - U.S. manufacturers also comprise nearly 2/3 of global sales
  - Foreign countries offer small-wind incentives. U.S. in danger of losing this lead ?

# Conclusions / Wrap-Up

- **Wind Power is accelerating rapidly**
- **Policy matters – national legislative efforts are critical**



- **Learn more at WINDPOWER 2009 – Chicago, Illinois - May 4-7**
  - > 1000 exhibitors; > 13,000 attendees; 54 sessions
  - [www.windpowerexpo.com](http://www.windpowerexpo.com)
  - Supply Chain workshop on May 4th



**Questions ?**

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