

Testimony of the
American Wind Energy Association
before the
House Resources Committee
Subcommittee on Energy and Mineral Resources

HEARING ON ADMINISTRATION LEGISLATION
ON ENERGY RELATED USES OF THE OCS

The Honorable Barbara Cubin, Chairman

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Chairman Cubin and members of the subcommittee, my name is Jaime Steve. I am Legislative Director for the American Wind Energy Association based here in Washington, D.C. Wind energy companies that I represent include GE Wind Power, FPL Energy, Inc., AEP (American Electric Power) based in Cincinnati, Ohio, PacifiCorp, Vestas American, Cape Wind and Arcadia Windpower.

Increased use of clean, domestic wind energy on both private and public lands is a bipartisan issue with broad support in Congress and from the Bush Administration. For example, in March of this year Congress extended the wind energy Production Tax Credit (PTC) through the end of 2003. This item was contained within the Job Creation and Worker Assistance Act of 2002 (H.R. 3090, P.L. 107-104). An additional three-year extension of this tax credit is contained in H.R. 4, the wide-ranging energy policy bill passed by the House earlier this year and currently under consideration in conference. This provision was also contained in the Bush-Cheney energy plan.

The wind tax credit, coupled with more than 80 percent reductions in wind power costs since the 1980=s has enabled wind to compete almost head-to-head with conventional energy sources in regions with good wind resources. In 2001 alone, Texas saw more than 900 megawatts (MW) of wind power come on line. This translates into more than \$1 billion in economic activity and roughly the amount of electricity needed to power 200,000 homes. At the same time, hard-pressed Texas farmers and ranchers leasing small portions of their land for wind development are gaining annual payments of about \$3,000 per windmill, per year, for at least twenty years. In addition, these wind developments are contributing to the tax base of local governments. The simple point is that wind energy is real and it is spurring significant economic development in rural America.

In the early 1980=s wind energy development was essentially in only one state Y California. Today, utility-scale wind power facilities are in 29 states. All these projects are on either private or federal land. Currently, there are no operating offshore wind developments within U.S. waters. This is in contrast to Europe, where at least ten offshore projects are operating in shallow waters near Denmark, Sweden, England and the Netherlands. Europe has already moved to offshore development because of the scarcity of available land.

The earliest European offshore project was built in 1990 (Norgersund off the Swedish coast). The European projects range in size from 0.25 MW to 40 MW in capacity. Together these European projects total over 90 MW. The distance from shoreline ranges from 5/8 of a mile to 6 miles. Near term, there are currently 18 new offshore projects planned throughout Europe totaling 1,500 MW. Long term, Germany alone is planning for 25,000 MW of offshore wind power by the year 2025.

While it is somewhat more expensive to develop offshore wind, there are some simple reasons for doing so. The first reason is to gain access to higher, more sustained winds, producing up to 40

percent more energy per wind turbine. The second reason is that these projects can be located closer to population centers where the power is needed, therefore reducing the need to build new long-distance power transmission lines to get the power to customers.

I would like to address two issues specifically involving H.R. 5156 and the ability to develop wind along the outer continental shelf (OCS).

Transitional issues

The industry asks that any rules that may flow from passage of H.R. 5156 be sensitive to the financial investments in potential offshore projects made prior to enactment of the legislation. Specifically, we are concerned that companies now working to develop sites offshore Massachusetts and New York's Long Island are not disadvantaged by new rules and requirements. Essentially, we feel that these projects should not be unnecessarily delayed by requiring developers who have already put in years of preparation to start all over again under a new application process.

Interconnection

We are also concerned that if a current or future project gains approval and begins construction that there be an orderly process to ensure the project can connect to electric substations and distribution lines on the mainland. Simply stated, there is little point in constructing an offshore wind farm if it becomes too expensive or difficult to transmit power from the wind turbines to the users on land.

Conclusion

Offshore wind may be a new concept in America, but the Europeans have more than ten years of experience with these projects. Expanding U.S. wind development into appropriate parts of the outer continental shelf will allow environmentally responsible development and help our country meet its pressing energy needs with a clean, non-polluting, domestically produced resource that creates new high-tech jobs while also generating revenue for the federal government. Thank you.

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