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Testimony of the
American Wind Energy Association
before the
House Resources Committee
on development of renewable
energy resources on federal lands
The Honorable Richard Pombo, Chairman
March 19, 2003
Prepared by Jaime Steve
Legislative Director
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Chairman Pombo and members of the committee, my name is Jaime Steve. I serve as Legislative Director for the American Wind Energy Association based here in Washington, D.C. Companies that I represent include GE Wind Power, FPL Energy, Inc., AEP (American Electric Power), PacifiCorp and Vestas American.

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 both 1999 and 2001 Congress acted to extend the wind energy Production Tax Credit (PTC) – a key component in financing new wind projects. An additional three-year extension of this tax credit was contained in last year's House energy bill (H.R. 4). This provision was also contained in the Bush-Cheney energy plan and the last two Bush budget proposals.

This 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. For financially struggling landowners, high-tech wind turbines placed on their land are essentially giant 401K retirement plans that never decrease in value. 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 a one-state business ... California. Today, utility-scale wind power facilities are in 26 states[1] producing nearly 5,000 megawatts of pollution-free electricity. Most of these projects are on private land.

I would like to address two issues specifically involving the proposed legislation and the ability to develop wind on federal lands.

BLM Guidelines

During much of last year, the wind industry worked collaboratively with Bureau of Land Management (BLM staff) to bring real world experience to the Bureau's recently released guidance for processing right-of-way

applications for wind energy site testing and monitoring facilities, as well as applications for wind energy development projects on public lands administered by BLM. I am pleased to inform you that this was a positive and even enjoyable experience.

During this exchange we learned much about BLM and BLM officials came to understand and appreciate the practical concerns of wind energy developers.

The BLM guidelines emerging from this process included a minimum rental payment formula under which wind turbines placed on federal lands would provide about \$2,300 per megawatt of installed power. Because most new wind turbines are greater than one megawatt in size, they would contribute more than \$2,300 per turbine per year for twenty years into the federal treasury.

My reason for being here today is simply to ask that other federal land management entities – such as the U.S. Forest Service and the U.S. Fish and Wildlife Service – build on the successful work of the BLM. My understanding is that the Forest Service is on the road to adopting guidelines very similar to those of BLM.

Transitional issues

In addition, the industry asks that any rules that may flow from new legislation be sensitive to any financial investments in potential projects made prior to enactment. Specifically, we are concerned that any companies now working to develop sites on federal lands 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.

Conclusion

Expanding U.S. wind development into appropriate areas of federally owned land parts of will allow environmentally responsible development and help our country meet a growing portion of our 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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[1] Alaska, California, Colorado, Hawaii, Iowa, Kansas, Massachusetts, Maine, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Mexico, New York, North Dakota, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, Wisconsin, Wyoming