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Introduction

Chairman Waxman, Ranking Member Barton, Subcommittee Chairman Markey and Ranking Member Upton, and distinguished members of the Committee, thank you for the opportunity to testify.

My name is Denise Bode. I am the new CEO of the American Wind Energy Association (AWEA). AWEA is the national trade association of America's wind industry, with over 1,900 member companies, including project developers, manufacturers, and component and service suppliers.

I would like to start off by thanking the Chairmen for drafting The American Clean Energy Security Act, which includes a national Renewable Electricity Standard (RES) that would provide the business certainty to keep the wind industry growing strong. AWEA and its member companies also appreciate the effort to address our nation's electricity transmission system and to control the emissions of greenhouse gases.

My testimony this afternoon will focus on the importance of passing a national RES to promote domestic wind energy development and related manufacturing and job creation, as well as the need to include enabling provisions related to transmission policy and providing allowance allocations for renewable generators.

The U.S. Wind Industry Today

Last year over 8,500 megawatts of wind energy were installed, making wind energy second only to natural gas in new generating capacity for the fourth year in a row. This new capacity resulted in a 50% growth rate. With over 25,000 megawatts of installed capacity, the U.S. surpassed Germany to become the world leader in wind energy. Last year, while the U.S. economy was shedding hundreds of thousands of jobs, the wind industry added 35,000 jobs, with the addition of 55 new, expanded, or announced manufacturing facilities across the country. The renewable energy industry, with wind power playing a major role, is poised to help lead the country out of the current recession and to help create a more sound economy that is reliant on clean, domestic resources to meet our growing energy needs.

During the Bush Administration, the Department of Energy (DOE) concluded that wind energy could feasibly supply 20% of our nation's electricity by 2030[1]. The *20% Wind Energy by 2030* report identified a number of benefits associated with the greater use of wind energy. Meeting the 20% by 2030 goal would support 500,000 jobs. Natural gas demand would drop, producing net savings for consumers between $43 billion and $171 billion. 825 million tons of carbon dioxide would be avoided by 2030, which is the equivalent of taking 140 million cars off the road. Finally, cumulative water consumption in the electric sector would be reduced by 8% through 2030, with an annual reduction of 17% in 2030[2].

President Obama's campaign position of a 25% RES by 2025 is exactly what our industry needs to achieve stable, long-term growth, invest in manufacturing facilities in the U.S., and continue our trend of reducing costs to consumers. Unfortunately, the United States is at a competitive disadvantage compared to thirty-seven countries around the world that have national renewable energy requirements, including China and every country in the European Union. Without the investment certainty associated with a national RES, the United States will continue to play on an uneven playing field. That is why the adoption of a national Renewable Electricity Standard as included in the American Clean Energy Security Act is crucial for us to meet our nation's renewable energy goals.

Short-term extensions of the renewable energy production tax credit (PTC) have helped keep wind energy competitive with traditional forms of energy. However, the short-term extensions have created planning and investment uncertainty for businesses. By eliminating this uncertainty, a national RES would promote long term planning for renewable project developers. In turn, a long-term planning horizon will enable the wind industry to attract investment capital and achieve manufacturing economies of scale that will spur economic development.

The Importance and Benefits of a National RES

Mr. Chairman, our nation stands at a critical crossroads as we determine how to promote job growth and economic development to transition to a clean energy economy. Unfortunately, resistance to this change is fed by disingenuous arguments that attack the very policies that will move our country forward. In addition to keeping the United States on an equal footing with the rest of the globe, there are numerous benefits of a national RES that would be enjoyed by Americans in all regions of the country.

A national RES would save consumers money. Numerous studies conclude that a national RES would save consumers money as renewable energy sources displace fossil fuels, the price-setting fuels in electricity markets across the country. For example, a 2007 study from EIA shows that a 25% RES by 2025 would lower natural gas

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[1] U.S. Department of Energy, "20% Wind Energy by 2030" (July 2008), http://www.20percentwind.org/20p.aspx?page=Report.
[2] U.S. Department of Energy, "20% Wind Energy by 2030" (July 2008), http://www.20percentwind.org/20p.aspx?page=Report.

expenditures by 1%, which amounts to a total reduction of $17 billion[3]. This more than offsets the minimal increase in electricity prices of 0.4%, or $15 billion, leading to a net savings of $2 billion. A study from power and gas sector energy consultant Wood Mackenzie found that a national RES would save consumers over $100 billion through 2026, including reducing power prices by over 10% in the former East Central Area Reliability Coordination Agreement (ECAR) region, which includes the states of Indiana, Michigan, Kentucky, and West Virginia[4].

An excellent real-world example of the ability of renewable electricity development to bring down costs for consumers is the experience of Oklahoma Gas and Electric (OG&E). The entire cost of the OG&E Centennial wind project in Oklahoma was entirely offset by the natural gas fuel savings in 2007 alone, saving consumers in Arkansas and Oklahoma money[5].

A national RES would create jobs. The business certainty provided by a national RES would put the United States on the path to achieving 20% wind energy by 2030. As I mentioned earlier, DOE found that meeting this goal would support over 500,000 jobs[6]. The wind energy industry contributes directly to the economies of 46 states with power plants and manufacturing facilities. As a result, this job growth will occur in all regions of the country, even in those states without a strong wind resource.

A national RES will bring benefits to all areas of the country. The Energy Information Administration (EIA) has found that the southeastern United States would be a net renewable energy exporter through 2019 under a national RES because of the abundant availability of biomass resources. Even during the later years of a national RES the southeast would generate more than 80 percent of its own renewable energy[7]. Since a variety of resources are eligible for RES compliance, all regions of the country will be able to utilize other abundant renewable resources besides wind to meet their requirements. In fact, EIA has concluded that the use of biomass energy production would increase much more than wind energy production. EIA also found that solar power would receive a substantial amount of renewable energy credits[8].

It is also important to note that our nation has historically relied on interstate commerce to meet its energy needs. Critics argue that a national RES will lead to a transfer of wealth outside the region. However, wind energy projects exist in 35 states. Whereas

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[3] EIA, 2007, http://www.eia.doe.gov/oiaf/servicerpt/eeim/index.html
[4] Wood Mackenzie, The Impact of a Federal Renewable Portfolio Standard, February 2007.
[5] Oklahoma Gas & Electric Testimony before the Arkansas Public Service Commission, http://www.oge.com/content-oge/investors/pdfs/Rowlett%20Direct_7-28-06.PDF
[6] U.S. Department of Energy, "20% Wind Energy by 2030" (July 2008), http://www.20percentwind.org/20p.aspx?page=Report.
[7] Howard Gruenspecht, Testimony before the House Committee on Energy and Commerce Subcommittee on Energy and Environment, 2/26/09
[8] See e.g., "Impacts of a 15-Percent Renewable Portfolio Standard", Energy Information Administration (June, 2007); "Energy and Economic Impacts of Implementing Both a 25-Percent Renewable Portfolio Standard and a 25-Percent Renewable Fuel Standard by 2025", Energy Information Administration (August, 2007).

other fuels are shipped by railcar or pipeline, a national RES would promote the shipment of wind via transmission lines or allow utilities to purchase renewable energy credits from windier regions. For example, the recent Joint Coordinated System Plan found that building transmission lines to carry over 15,000 MW of wind into the Southeast would reduce consumers' electric bills by more than enough to pay for the transmission[9].

Furthermore, a national RES is a down payment on the greenhouse gas reductions required elsewhere in the American Clean Energy Security Act. By itself, a 25% RES by 2025 could produce more than 40% of the emission reductions needed to reach 1990 levels by 2020 in the electric sector. An RES will ensure deployment of renewable energy in the critical early years of any climate program when the carbon price alone is insufficient to drive investment in renewable technologies. An RES is a key element for any successful greenhouse gas reduction effort

Mr. Chairman, the PTC has promoted the growth of the domestic wind industry for years. Unfortunately, the short-term extensions of the credit and resulting business uncertainty have inhibited the establishment of a domestic manufacturing base and supply chain. A national RES is needed to provide this business certainty and to quickly deploy renewable energy sources in the short-term to help achieve stronger emission reductions in the future at a lower cost.

Enabling Transmission

Another topic of critical importance to the wind industry is electricity transmission. In the DOE's *20% Wind Energy by 2030* report the most significant barrier was transmission. The regulatory structure in place now is not suitable to building the green power superhighways we need. AWEA thanks the committee for addressing this issue in the American Clean Energy Security Act and we are hopeful the Committee will consider the approach used by Senators Reid, Dorgan, and Bingaman to address interconnection-wide planning, interconnection-wide cost allocation, and increased federal permitting.

Allowance Allocations

AWEA also appreciates the strong emissions reduction requirements included in the American Clean Energy Security Act. The near-term reductions are particularly relevant to the deployment of wind energy. As you finalize the allowance allocation portion of the bill, AWEA would request that renewable generators receive a portion of the allowances for new generation to be distributed on a per megawatt hour basis. This type of distribution will deploy renewable energy above and beyond the RES requirements. It will also promote early emissions reductions by maximizing deployment of renewable energy, when there are few other cost-effective options for large-scale emissions reductions.

[9] Joint Coordinated System Plan, "Joint Coordinated System Plan Study," http://www.jcspstudy.org/

Conclusion

U.S. wind energy capacity is exceeding the projections needed to reach the 20% goal by 2030. The American Clean Energy Security Act, combined with fair allocations of emissions allowances for renewable energy and broader transmission cost-allocation, planning, and siting policies will put us on the path to meeting the 20% vision.

I again thank the Chairmen for this opportunity to testify and look forward to any questions you and the other members of the Committee may have.