



*Testimony Provided to the
House Committee on Energy and Utilities
March 15, 2012*

On behalf of Vestas, I, Susan Innis, Senior Manager of State Government Relations, appreciate the opportunity to provide testimony to the committee in opposition to HB 2446, which would impact the Renewable Portfolio Standard.

Vestas is the second largest wind turbine manufacturer in the U.S. and the number-one global wind manufacturer, supplying more than 46,000 wind turbines to 69 countries over the past 30 years. In the United States, we have designed, manufactured, and supplied more than 12,000 wind turbines in 26 states. This represents nearly 9,000 MW of new, clean, secure domestic energy supply providing enough electricity to power about 2.7 million American homes. We are also very proud to be part of the renaissance in American manufacturing by investing nearly \$1 billion in new manufacturing facilities in Colorado and developing supply chain partners in more than 30 states.

Our company's involvement in Kansas began in 2001 when we supplied wind turbines for the Gray County Wind Farm. Since then, approximately half of all wind turbines installed in Kansas were manufactured by Vestas. We now employ about 50 people in the state, primarily in operations and maintenance at four wind projects: Smoky Hills (Lincoln County), Meridian Way (Cloud County), Central Plains (Wichita County), and Caney River (Elk County). Vestas is more than about selling wind turbines. We enter into relationships with our customers and the communities they serve that extend over 20 years or more, which means we are here for the long haul.

In addition to the long-term, stable and well-paying jobs for about 50 service and maintenance technicians in rural Kansas, Vestas employs more than 1,800 American workers at four manufacturing facilities in Colorado. Vestas selected Colorado as the base for its manufacturing facilities due to excellent access to transportation via rail and highway, skilled workforce and the state's strong policy support for renewable energy companies. Many states were considered and evaluated, and one factor in Vestas' decision was the fact that Colorado has had a Renewable Energy Standard in place since 2004. Manufacturing jobs are critical to America's economic recovery and have historically been a driver of our country's economic success. Wind power manufacturing is a bright spot in the US economy, with domestic content for wind turbines having increased from an average of 25% to 60% over the past several years. The wind industry has invested heavily in the United States with more than 400 wind manufacturing facilities in 43 states. This surge in domestic manufacturing was built to serve the demand for wind energy created, in part, by state Renewable Portfolio Standards.

Vestas, along with others in the industry, is working hard to drive down wind energy's costs. According to a report from the *Lawrence Berkeley National Laboratory*, the cost of energy from

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DATE:

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wind has dropped 22% since 2009. Due to performance and technology improvements since the 1990s, a turbine with a nameplate capacity seven times larger can produce 15 times more electricity. Utilities around the country are finding wind energy to be a cost-effective addition to their portfolios. In Colorado, in a late-2011 order approving a wind power purchase by Xcel Energy, the state Public Utilities Commission stated that “the contract will save ratepayers \$100 million on a net-present-value basis over its 25-year term under a base-case natural gas price scenario” while providing the opportunity to “lock in a price for 25 years.” And Kansas should be proud to be generating electricity that can help lower energy costs for consumers in the state and cross the region. Earlier this year, Southwestern Electric Power Co. (SWEPCO) signed long-term power purchase agreements for more than 350 MW of wind from projects in Texas, Oklahoma, and Kansas. SWEPCO said in a news release that it estimated an average *decrease in cost* to its customers of about 0.1 cents per kilowatt-hour over a 10-year period starting in 2013.

Kansas is in a unique position to be able to develop its significant wind resources – both for use by Kansas residents, and for export to consumers throughout the region. Maintaining the state’s stable policy drivers will facilitate more investment in wind energy and domestic energy production will increase. Vestas works closely with a number of manufacturing companies that are prepared to invest in the U.S. but are hesitant due to the lack of policy stability, both at the state and federal level. The wind industry is part of a global economy, and the competition for investment and manufacturing is strong among different regions of the world. Other countries have made long-term commitments to secure clean energy investments, particularly Europe and Asia. The U.S. risks falling further behind other nations if we treat policy mechanisms like a faucet that can be turned on and off at political whims. Stable state policies like Renewable Energy Standards drive new development and further reduce wind energy’s cost, bringing both local economic benefits as well as supporting a broad manufacturing supply chain across the country. The production of electricity from wind promotes energy diversity and helps to stabilize electricity prices for consumers. Wind power provides energy security by tapping an abundant domestic resource. Wind energy gives a much-needed economic boost to rural regions of the country. It is a win-win for American jobs, secure American energy production, and American energy ingenuity.

Thank you for the opportunity to share our views.

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