



Our Wind Our Power Our Future

Small Wind American Jobs Plan for 2011/2012

Small Wind Systems

Small wind systems are defined as having a rated capacity of 100 kilowatts (kW) or less, which translates to a rotor diameter of approximately 65 ft. (20m) or less. Small wind systems are typically installed on towers under 150 ft. tall and they are primarily used for distributed on-site generation at homes, farms, public facilities (e.g., schools), and businesses. They have many benefits, including:

Job Creation

95% of the small wind systems installed in the U.S. in 2009 were manufactured in the U.S. by small businesses. Of the top five small wind companies worldwide, three are U.S. companies. These companies are growing 15 – 25% annually and employ thousands of workers and suppliers. American small wind manufacturers have exported products to over 120 countries and exports are currently one-third of the total market.

There are more labor hours in manufacturing small wind turbines than there are in comparably priced cars -- and because the wind turbines must operate under severe conditions for decades, a high level of manufacturing quality and craftsmanship is required. Small wind also creates jobs in the areas of tower manufacturing, transportation, installation and education. Installation materials, services, and labor account for ~ 30% of total costs -- these are local jobs at local small businesses. And with the increased demand for installation comes an increase in the demand for training, resulting in more education related jobs. **It would be difficult to find a more effective creator of quality “green” jobs than small wind systems.**

The industry faces immense challenges from foreign competitors, particularly from Europe and China. These competitors often benefit from stronger support from their governments and robust local markets.

Other Economic Benefits

Small wind systems provide economic benefits for the turbine owner, the community and the utility. Turbine owners benefit through reduced utility bills, tax incentives and renewable energy credits. In addition to local jobs the community also benefits from revenue derived from permit fees, sales tax and, in some cases, property taxes. Utility benefits include decreased distribution and maintenance costs, decreased fuel required to run plants, grid reliability, emission mitigation and increased ability to meet Renewable Portfolio Standard requirements. Small wind systems supply power close to the point of consumption. This reduces the burden on the electric grid and increases energy security.



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Environmental Stewardship

Small wind systems generate energy from wind and, unlike most conventional power plants, they do not pollute. A typical residential wind turbine will save 1.2 tons of air pollutants and 200 tons of greenhouse gases over its lifetime. More small wind means fewer pollutants in our streams, rivers and atmosphere, and fewer negative impacts on our health. Owning and operating a small wind system encourages awareness of consumption. Net metered (and off-grid) turbine owners quickly learn the value of each kWh as they “sell back” to the utility, or as they rely solely on their systems to keep the lights on; they learn how to use those kWh’s more wisely since they can monitor their daily production and usage history.

Policies to Grow the U.S. Small Wind Turbine Manufacturing Sector:

1. Extension of Section 1603 grants and 100% capitalization incentives for qualified small wind systems, up to 100 kW
2. Remove the 100 kW cap on the 30% Section 48 ITC for “behind-the-meter” wind systems. This would bring distributed wind systems closer to parity with solar systems and allow consumers to make more balanced choices of the best on-site renewable energy technology
3. Make eligibility for the Section 48 ITC dependent on certification to AWEA 9.1-2009 (Small Wind Turbine Performance and Safety Standard) for small wind turbines with rotor areas up to 200m² (the scope of the AWEA standard). Certification is needed to protect consumers from low quality, failure-prone imports.
4. Modify the FHA Title 1 Home Improvement Loan Program to require or allow banks to take a lien on the wind turbine equipment in lieu of a lien on the home if the wind turbine is certified to AWEA 9.1-2009. Homeowners lack financing sources that do not require either a second mortgage or lien and even financially secure homeowners are very reluctant to incur additional risk to their home mortgage.
5. Continue robust funding of the USDA REAP program and more expeditiously to reduce the administrative burdens and barriers, particularly for the smallest grants.
6. Provide a temporary corporate tax for cut to the capital gains rate for qualified small wind manufacturers. Currently domestic small wind manufacturers pay the full corporate or individual (for S-corp.’s) tax rates on profits, while passive investors in those that are public enjoy a greatly reduced federal tax rate on their gains. A 5-year reduction to 15% for SBA-defined small businesses, which can demonstrate 75% or higher domestic content, would stimulate greater investment in R&D, manufacturing facilities, and other economic development activities. In the long run tax collections would benefit from a larger industry with expanded exports.

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