

Oral Testimony of Amy Farrell, SVP of Government and Public Affairs
American Wind Energy Association
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Thank you and good afternoon. My name is Amy Farrell, and I'm the SVP of Government and Public Affairs at the American Wind Energy Association, or AWEA—the largest trade association for the wind industry in our country. We represent 1,000 member companies and over 100,000 jobs in the U.S. economy.

AWEA's diverse membership includes global and domestic leaders in wind power development, and turbine and component manufacturing, including wind towers and component and service suppliers. Since 1974, AWEA has supported its members in developing a thriving domestic wind manufacturing sector. As the U.S. wind industry has matured and technology has advanced, domestic manufacturing in the wind industry has also increased. For instance, the U.S. wind industry's tower demand is primarily met through domestically manufactured turbines; since 2014, imported wind towers have only represented approximately 21% of total annual wind tower installations. In addition, more than 500 U.S. factories now build wind-related parts and materials in the U.S. At the end of 2018, the domestic wind industry supplied 24,000 direct manufacturing and supply chain jobs.

While we support the goal of growing the U.S. wind manufacturing industry, we respectfully oppose the petition that is the subject of this proceeding. The wind industry has grown, in part, because of its ability to compete with other energy suppliers and developers and provide electricity customers with reliable energy at a reasonable cost. However, price certainty and supply chain predictability play a major role in wind development, and the imposition of the duties in question will have a detrimental impact on the industry as a whole—leading to higher prices and impairing the supply chain—and, in turn, ultimately undermine the growth of the domestic wind tower manufacturing sector as well.

Wind developers, for example, typically compete in a bidding process that is primarily driven by total costs. After the bid is won, contracts must be finalized, and financing must be secured before turbines can be purchased. The process can take a number of years from when a bid is calculated to the actual purchase date. Therefore, unexpected price increases in towers would put these projects at significant risk, forcing turbine manufacturers or developers to absorb significant costs and discouraging wind development in the country.

While the total cost of towers is typically what matters in which tower supplier is selected, reliability, capacity and availability of supply also play a large role. Therefore, even though developers generally prefer buying wind towers sourced in the U.S. due to reduced transportation costs, they have often imported the towers if, for example, a domestic seller was not readily available. AWEA is tracking around 40 GW of projects under construction or advanced development that are coming online within the next 2-3 years. We expect over 13 GW in both 2019 and 2020, which would be equivalent to around 5200 turbines and towers per year. According to 2017 DOE data, domestic tower manufacturers have the capacity to only produce 3,200 towers per year. Expected deployment is more than 60 percent higher than domestic production capacity can accommodate. Thus, if the petition were granted, the lack of domestic manufacturing capacity would increase bottlenecks for the wind industry as developers are left without supply alternatives.

We also estimate that if the petition were granted, the levelized cost of wind energy would increase 1.4% – 2.5%, as it would raise the average cost of wind towers 10% - 18%. This increase in cost will have a detrimental impact on wind power capacity deployments—resulting in as much as 1,320 turbines not getting built. This drop in demand for wind power installations will, in turn, have negative impacts on domestic manufacturing in factories producing parts and components for the industry.

It is also worth noting that the petition, even if granted, would not address the root cause of the economic harm to the U.S. wind tower manufacturing industry. In general, U.S. steel demand has consistently exceeded domestic steel production. Section 232 tariffs on steel imports have generally added to this problem, increasing input costs for U.S. manufacturers along the entire supply chain. These cost increases are in addition to costs the industry is facing from Section 301 tariffs on turbine components.

As the ITC recognized earlier this year, these tariffs have harmed U.S. manufacturing workers supporting the domestic wind industry's rapid growth. Specifically, ITC noted that participating wind tower producers, importers, and purchaser firms reported Section 232 tariffs would increase wind tower prices by an additional 12 to 14%, while increased prices for components subject to the Section 301 tariff remedies would increase wind tower prices by 6 to 8 percent. Taken together, these tariffs have raised the cost of wind power by up to an estimated 5 percent. Further, the impact of these tariffs on the wind industry is only compounded with the phase-out of the PTC by the end of 2019. The proposed additional duties in this case, when added to these other events, will likely cause wind projects to be cancelled.

While AWEA is sympathetic to the issues the U.S. wind manufacturing industry has faced, we do not believe that granting the petition is the right way to address petitioners' concerns or, in general, help grow the wind industry in our nation. Rather, it will just serve to add additional stress to the wind industry, jeopardizing additional growth in the industry.

In conclusion, we oppose putting in place the requested anti-dumping and countervailing duties on wind tower imports as it would stifle investment, increase the cost of construction and result in delays or cancellations of wind projects. That would not be good for industry, or for our country.