

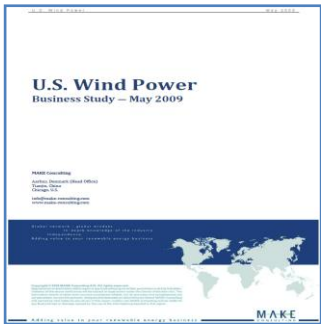
# Business study

By MAKE Consulting

May 2009

## U.S. Wind Power

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Price (EUR 1,600)

The U.S. has reclaimed its position atop the global wind power market. It installed 8,558 MW in 2008, which enabled the U.S. to pass Germany as the leader in installed wind power capacity. This achievement follows several years of unprecedented growth that has yielded a total capacity of over 25 GW in the U.S.

Favorable policy developments in the U.S. suggest strong long-term market growth. We forecast negative growth in 2009, however, due to the lingering effects of the global credit crunch. The U.S. market has been severely impacted by the financial crisis, as the lack of taxable income nearly eliminated traditional tax equity financing, which has severely delayed project financing.

Despite the fact that wind power constituted less than 2% of electricity consumed in the U.S. last year, utilities continue to turn toward wind power in order to meet near-term capacity demand. New wind power capacity represented over 40% of total new power capacity added in 2008. A growing number of U.S. utilities have developed wind power procurement strategies. Wind power has become an attractive option in an increasingly carbon-constrained market.

U.S. utility involvement has increased along the wind power value chain, although only one U.S. utility currently ranks in the top ten of companies owning wind power assets. MidAmerican Energy ranked third in the U.S., behind NextEra Energy Resources and Iberdrola at the end of 2008. NextEra retains its top position in the U.S. market, with over double the capacity owned relative to Iberdrola. Four European owned companies rank in the top ten of wind power ownership in the U.S.

The U.S. supply chain has developed concurrently with the growth in the U.S. market. Approximately half of all WTG components are now manufactured in the U.S. The proliferation of manufacturing facilities positively impacts job creation. In order for the U.S. to reach future generation projections, the U.S. supply chain needs further development, as components such as gearboxes find insufficient manufacturing capacity to meet demand.

The election of President Barack Obama in 2008 holds great promise for the U.S. wind power industry. President Obama has already acted on his pro-wind campaign rhetoric and improved the stability of the market. The American Recovery and Reinvestment Act of 2009 (ARRA) not only extends the Production Tax Credit (PTC), but it effectively provides companies with a mechanism for financing projects independent of tax equity. This policy responds to the market paralysis caused by the credit crunch and marks an important recognition of wind power's role as an economic driver and a domestic alternative to dependence on unsustainable, price-volatile, and imported energy sources. Furthermore, the Obama Administration has started to discuss transmission constraints and complications with permitting, two of the main barriers confronting the U.S. wind power market. A renewable electricity standard (RES) and carbon regulation also appear on the horizon, each representing a key future driver.

We forecast a Compounded Annual Growth Rate (CAGR) of 10% in the period 2009–2013. The outlook for 2009 negatively affects the CAGR forecast. An adjusted CAGR for 2010–2013 yields a CAGR of around 24%. We expect that the market will return to its record-breaking pace in 2010 and especially in 2011, due to the fact that companies have to initiate construction on wind power projects prior to 2011, as stipulated by the ARRA. Loosening of the credit markets will also improve project financing by 2010. By the end of 2013, we expect the U.S. will have a total wind power capacity in excess of 75 GW.

See the next pages for further information about our research subscription

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	Q1	Q2	Q3	Q4
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Research notes	Research note	Research note	Research note	Research note
Business study			Offshore report	

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