

Research Note

By MAKE Consulting

December 2011

U.S. Market Eyes Policy Cliff

Contents

- U.S. wind policy discussion
- Supply chain response to expiration of key U.S. wind policies
- Regional impact of policy expiration

Current incentives for wind energy in the United States are set to expire at the end of 2012 and what will extend or replace them is highly uncertain. This is forcing a rushed 2011 and 2012 build cycle while new development plans for 2013 have plummeted. The wind supply chain is reluctant to expand amidst market challenges and policy uncertainty, causing bottlenecks in some component areas.

Analysis of publically announced orders for expected project completion in 2012 shows the top tier turbine OEMs solidifying market share. A market where developers and utility counterparts insist on only the best is partly a driving force -- along with advances from the top tier OEMs with turbine units designed for profitability at lower wind speed sites and better production at marginal sites.

Shifts in policy, however, will favor continued turbine portfolio evolution since a PTC only market will again favor higher capacity factor sites. Cost cutting alone will not suffice. Turbine prices have eroded steadily since 2008 but these aggressive sales tactics may not be sustainable. Market share analysis breaks down how the top OEMs in the U.S. are likely to fare given policy headwinds.

Recent market strength through the 2011/2012 build cycle has been supported by the flexibility, simplicity, and higher returns of the soon to expire Section 1603 cash grant. The wind industry will see precipitous drops in 2013 installations without a PTC. Regional impact analysis highlights how development will shift if a PTC is allowed to elapse, plus new alternatives to PTC financing.

But even if a PTC is extended, market impact is likely to be muted due to more challenging macro-economic conditions – basic demand conditions remain weak and natural gas futures remain low. Even with a PTC, 2013 will not be the boom market of PTC years past.

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	Q1	Q2	Q3	Q4
Market Reports	Market Outlook	Supply Side	Demand Side	Wind Turbine Trends
Business Studies		U.S. Wind Power	Offshore Wind Power	China Wind Power
Research Notes	Min. Two Research Notes	Min. Two Research Notes	Min. Two Research Notes	Min. Two Research Notes
Flash Notes	Min. Five Flash Notes	Min. Five Flash Notes	Min. Five Flash Notes	Min. Five Flash Notes
Forecasts	Annual/Semiannual/ Quarterly	Quarterly	Semiannual/ Quarterly	Quarterly
Project Pipelines		Project Pipeline	Project Pipeline	Project Pipeline
Policy Event Horizons		Policy Event Horizon		Policy Event Horizon

Annual publishing plan is tentative and subject to change

Market Reports are 40-60 pages of high quality industry forecasts, trend spotting and analysis, giving the reader a detailed insight into the demand side, the supply side, wind power development in a range of countries as well as current wind turbine trends. Our market reports are published four times a year.

Business Studies are 60-100 pages detailed in-depth strategic market studies of key segments of the wind industry. In 2011 the business studies will focus on the US-, offshore,- and China wind power markets.

Research Notes are 10-20 pages of comprehensive analysis of specific trends in the industry. They are published 8 times a year and cover topics such as capacity shortages, order announcements, emerging markets, policy changes and strategic changes in the competitive landscape etc.



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Market forecasts and data are published annually, bi-annually and quarterly depending on subscription level and include forecasts of new installations and accumulated MWs on a 5 year scale divided on specific regions and on a global basis.

Project Pipelines offer an overview of the current project pipelines in selected regions and is published with reference to the business studies.

Policy Event Horizons are published bi-annually and provide updates on upcoming legislative events in key markets including potential outcomes.

Analyst Presentations are up-to-date insight from MAKE analyst presentations held at conferences and industry events around the globe.

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