

US Senate, Environmental and Public Works Committee
Subcommittee on Green Jobs and the New Economy

John P. Danner, President and CEO, Northern Power Systems

Testimony at the Hearing on Green Jobs and Trade

Good afternoon. Mr. Chairman and esteemed members of the Sub-Committee, thank you for the opportunity to share my perspective on green jobs and trade with you today.

My name is John Danner and I am the CEO of Northern Power Systems, a next-generation wind turbine company based in the United States. Today, I would like to cover three topics:

- a) A quick background of Northern Power and our track record with creation of green jobs, establishment of American manufacturing, and use of trade policy to drive US renewable energy exports;
- b) The opportunity from our vantage point for policy-makers to create jobs and move our nation toward a renewable energy economy; and
- c) Specific actions that our government can take to quickly and meaningfully accelerate green job creation and accelerate renewable energy exports.

To begin, Northern Power Systems is the oldest wind turbine company in the US, founded in Vermont in 1974. Northern Power designs, manufactures, and sells highly reliable, highly efficient wind turbines. Leveraging recent advances in computer technology, material science, and electrical engineering, our company has developed state-of-the-art direct-drive wind turbines. This technology is simpler, lighter, more efficient and more reliable than traditional wind turbines that use complex high-speed gearboxes. The result is that Northern Power's wind turbines deliver more power, more of the time, for lower cost, thus further lowering the already-competitive cost of wind energy.

The wind turbine industry has historically been dominated by European companies although recent years have seen a surge of Chinese companies entering the global marketplace.

In 2008, Northern Power Systems was acquired by private equity investors whose vision was to create an industry-leading American-made wind turbine company based on the company's cutting edge direct-drive technology. Since 2008, Northern has raised \$113M in private capital, opened three new locations, and expanded our direct employee base from 78 to more than 160. We now operate facilities in Vermont, Massachusetts, California and Michigan and we have sold wind turbines in 25 states and six countries. Last month, we opened production operations for our state-of-the-art utility-scale wind turbine in what had been a vacant former automotive parts manufacturing plant in Saginaw, Michigan. While we are proud of what we have accomplished to date, we are confident that as we grow Northern Power into a leader within the global wind turbine industry, we will create tens of thousands of jobs.

Northern Power is but one example of the potential that wind power represents to the US economy. Wind energy has the potential to simultaneously address the environment, energy

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security, and – of critical importance – job creation. Wind Power is the only source of renewable energy with both a ubiquitous fuel source and very competitive costs (please see leveled cost comparisons submitted in my written testimony). Simply stated, wind power is an economically viable path to substantially increasing the amount of energy we generate from renewables. This has been evidenced by the fact that wind power was the leading type of new electrical generation capacity installed in both the US and Europe in 2008 and 2009 (before economic conditions caused a pull-back in 2010). In some states, like Iowa, wind power accounts for nearly 15% of their electricity TODAY ... this can be done and it can be done cost-effectively. The result can be a staggeringly positive impact to our economy where we need it most - in high-quality engineering and manufacturing job creation. While Northern Power has created nearly 100 direct jobs in the last two years from our relatively modest perch, the wind industry overall employs more than 85,000 Americans today – and 20,000 in manufacturing alone - suggesting a very substantial base from which to drive green job growth.

In order to tap the tremendous benefits of wind energy to our economy, our environment, and our society, I would recommend that the US Government pursue three avenues:

- 1) Increase support for Ex-Im and DOE programs: In order to compete with aggressively supportive Asian governments, the US government should strengthen its support to the Export-Import Bank (Ex-Im) and the Department of Energy (DOE). Programs like Ex-Im's export finance program are critical to allowing Northern Power to compete on a level playing field in the export arena. Similarly, DOE initiatives like the 1703 loan guarantee program are essential to helping American companies commercialize innovative new technologies, where our Asian competitors are oftentimes simply and directly funded by state-owned institutions.
- 2) Extend the Production Tax Credit and Section 1603 Cash Grant in lieu of Investment Tax Credit Programs until 2016: These programs help address the relative capital intensity involved with renewable energy projects and provide critically needed assistance in these difficult times when liquidity has not fully returned to our capital markets. In addition, other programs like the Section 48C manufacturing tax credit, accelerated depreciation programs, and the proposed Green Bank can all play pivotal roles in leveling the playing field.
- 3) Most importantly, adopt a National Renewable or Clean Energy Standard (RES/CES): Establishing a firm set of national renewable energy standards will provide much-needed certainty to private capital markets and will greatly assist in investment capital formation for domestic manufacturing. This public policy initiative will bring the power of private financial markets to bear on stimulating this tremendous opportunity for our economy.

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In closing, I would like to restate that wind energy has the potential to simultaneously address the environment, energy security, and – of great importance – job creation. Thank you for allowing me to share with you the story of Northern Power Systems and our perspectives on how the US Government can best capture the benefits of wind power for this great nation of ours.