

DIRECTION

THE FUTURE OF WIND



The entire near-term U.S. wind farm development pipeline grew 13 percent over the previous quarter to a grand total of 37,794 MW under construction or in advanced development. (Courtesy: AWEA)

Record wind-farm construction underway at close of second quarter

A record amount of wind-energy capacity is now under construction at wind farms across America, according to second quarter results recently released by the American Wind Energy Association (AWEA).

Strong demand for low-cost wind power from utilities and other buyers, including major corporations such as AT&T and Walmart this quarter, continues to drive the industry's growth.

Wind power's low cost makes it one of the most competitive energy sources in many parts of the country. And low costs continue to fall due to technological innovation and increased American manufacturing, along with the five-year extension and phase out of the wind energy Production Tax Credit – which sunsets in 2019.

“Wind power's job-creating engine just kicked into a higher gear,” said Tom Kiernan, CEO of AWEA. “And all Americans will benefit as the record number of wind farms under construction begin delivering new revenue to rural communities and affordable home-grown energy to consumers.”

AWEA's U.S. Wind Industry Second Quarter 2018 Market Report reveals wind farms totaling 5,322 MW started construction during the second quarter of 2018, bringing total construction activity to 18,987 MW. A single new American wind turbine represents 2.32 MW of capacity on average, roughly enough to power 750 typical homes.

Beyond projects under construction, another 3,901 MW of new wind-power capacity entered advanced development. Projects in advanced development are likely to enter construction in the near term because they have achieved a major milestone such as placing a turbine order or finding a buyer for their power.

The entire near-term U.S. wind farm development pipeline grew 13 percent over the previous quarter to a grand total of 37,794 MW under construction or in advanced development.

The U.S. wind industry installed 626 MW this quarter, bringing year-to-date

installations to 1,032 MW. Those installations mean American power capacity cracked 90,000 MW nationally, extending wind's lead as the largest source of U.S. renewable energy capacity. The country's 90,004 MW of total installed wind capacity is capable of generating enough affordable, clean electricity to power more than 27 million average homes.

Because wind power uses no fuel, buyers value the ability to lock in long-term, stable prices through power purchase agreements (PPA) or direct ownership of wind farms.

▼ Wind power's job-creating engine just kicked into a higher gear. And all Americans will benefit. ▼

Wind-farm developers signed 1,524 MW of PPAs during the second quarter, and the overall volume of wind capacity contracted through PPAs is up 44 percent compared to the first half of 2017. Corporate customers including AT&T, Grupo Bimbo, Walmart, and Merck & Co accounted for 56 percent of contracted capacity in the quarter, with utilities contracting the remainder.

Utilities also announced plans to add 1,491 MW of wind capacity under direct ownership, including MidAmerican's 591 MW Wind XII project in Iowa and Ameren Missouri's 400 MW High Prairie project in Missouri.

Offshore wind power's growing momentum reached new heights in three New England states this quarter. In May and June, Massachusetts, Rhode Island, and Connecticut selected competitive bids representing 1,400 MW of offshore wind capacity for development.

Project developers are now working out PPA terms with utilities. Bringing these projects online is a major step

toward scaling up U.S. offshore wind, which will create American jobs, infrastructure investment and economic opportunity throughout coastal communities.

MORE INFO www.awea.org

Siemens Gamesa net profit continues to recover

Siemens Gamesa Renewable Energy recently released its results for the first nine months (October-June) and the third quarter (April-June) of fiscal year 2018.

The company's financial performance in the third quarter and the first nine months of FY2018 was in line with the fiscal year 2018 guidance (revenues of 9 billion to 9.6 billion euros and EBIT margin of 7-8 percent).

Revenue amounted to 2.135 billion euros (-21 percent YoY) in the third quarter, and 6.504 billion euros (-25 percent YoY) in the first nine months of the year, affected by lower turbine sale volumes and pricing.

EBIT pre-PPA, restructuring, and integration costs amounted to 156 million euros in the quarter and the EBIT margin was 7.3 percent. Between October and June, EBIT pre-PPA, restructuring and integration costs reached 478 million euros and the EBIT margin was 7.4 percent.

The company reported 45 million euros in net profit in the first nine months, including the impact of restructuring and integration costs, continuing the recovery. Net debt was 154 million euros at the end of the quarter.

The L3AD2020 program, presented February 15, 2018, is fully operational and gaining traction across its four modules: growth, transformation, digitalization, and change management. The transformation module – including a cost reduction of 2 billion

euros — is an essential driver for the success of the company, and it helps to partially offset price declines in the period. Siemens Gamesa is continuously striving for optimizations in this area to further accelerate the process and achieve the program's target.

COMMERCIAL ACTIVITY

Commercial activity remained strong in the third quarter of fiscal year 2018. During the period, the order backlog reached a new peak at 23.226 billion

and expected synergies under the L3AD2020 transformation program.

Note: EBIT pre PPA, integration and restructuring (I&R) cost excludes the impact of PPA on the amortization of intangibles (239 million euros in 9M 18 and 82 million euros in Q3 18) and integration and restructuring costs (100 million euros in 9M 18 and 25 million euros in Q3 18).

MORE INFO www.siemensgamesa.com



Siemens Gamesa reported 45 million euros in net profit in the first nine months. (Courtesy: Siemens Gamesa)

euros (+14 percent), increasing visibility of future growth. The backlog was boosted by 3.292 billion euros in firm orders, reaching the mid-point of 2018 revenue guidance (9 billion to 9.6 billion euros).

Onshore wind order intake during the third quarter was 1,660 MW, driven by diversified order entry (Brazil, Spain, South Africa, Ireland and USA). Offshore order intake marked a peak with 1,368 MW in firm orders, due to the agreement to supply 165 turbines to Hornsea II, the world's largest offshore wind farm to date, and 120 MW to the first offshore wind power plant in Taiwan. Those achievements are in line with the strong outlook for global offshore industry due to significant traction in new markets.

Siemens Gamesa expects stronger performance in Q4 2018 driven by higher volumes, cost optimization

CleanChoice Energy launches 100% Wind Plans for NY, Illinois

CleanChoice Energy, a renewable energy company that provides 100 percent clean electricity to customers across the country, has launched CleanChoice Energy 100% Wind Plans for both New York and Illinois residents and businesses.

The new plans allow residents of those states to purchase 100 percent of their energy from in-state wind projects. Through supporting local projects, residents help protect their state's clean air and water. Wind energy helped New York and Illinois residents avoid a combined 13 million metric tons of carbon pollution last year. Interested New York and Illinois residents and businesses can sign-up for 100 percent state wind

in less than five minutes online.

"We're excited to be offering 100 percent local wind for New Yorkers and Illinoisans. People want to support local businesses, and choosing 100 percent in-state wind allows people to help create local jobs and reduce pollution in their state," said Tom Matzzie, CEO of CleanChoice Energy. "With this new service, CleanChoice Energy makes it easy to support local clean energy without a big upfront investment or a home construction project — instead, they can sign up online and promote local wind in just a few minutes."

Supporting local wind helps lower energy costs, encourages local investment, and supports local jobs. The wind industry in New York and Illinois employs a combined 6,000 workers and has contributed nearly \$13 billion in investment. A 2012 Illinois Power Agency (IPA) report found that adding wind power to the electric grid reduced wholesale power prices by \$176.8 million in the state while also creating jobs and economic growth in the state. CleanChoice 100% State Wind plans pair the energy homes and businesses use with wind energy through the purchase of renewable energy certificates from wind farms in that state.

MORE INFO www.CleanChoiceEnergy.com

Pattern Development signs PPAs in New Mexico

Pattern Energy Group 2 LP (Pattern Development) recently announced it has signed 15-year power purchase agreements (PPAs) with Silicon Valley Clean Energy (SVCE) and Monterey Bay Community Power (MBCP) to deliver wind power from the 200 MW Duran Mesa Wind project in development near Corona, New Mexico. SVCE has signed a 15-year PPA for 110 MW and MBCP has signed a 15-year PPA for 90 MW.

"As a Community Choice Energy agency, signing onto a project of this magnitude marks a significant step in our maturity, financial strength and shows our commitment to supplying

renewable energy for our communities,” said Courtenay Corrigan, SVCE Board Chair. “Silicon Valley Clean Energy is dedicated to the promise we made to our customers when we formed this agency — that we will provide clean, carbon-free power at competitive rates. This project helps us to continue reaching our decarbonization goals.”

“Through strategic partnerships with other Community Choice Energy agencies like Silicon Valley Clean Energy, Monterey Bay Community Power can leverage additional resources and buying power to develop bigger and more affordable renewable energy projects, which is a landmark achievement for MBCP only being in our first year of service,” said Bruce McPherson, MBCP Board Chair. “We are strongly committed to a diverse portfolio of energy resources and this project brings a wide variety of benefits that will be shared by our customers for years to come.”

“It’s a very positive sign for our industry that these two important

public agencies are making their first long-term wind-power purchase agreements — and we’re honored to partner with them in New Mexico,” said Mike Garland, CEO of Pattern Development. “We are making strong progress on our extensive development projects in New Mexico, where the wind resource is one of the strongest in the country and has an evening ramp that creates an ideal complement to California solar power. These contracts will increase Pattern Development’s contribution to California climate goals to well over a gigawatt of wind energy serving California customers.”

Construction of Duran Mesa Wind is anticipated to begin in late 2019, and the project is expected to reach commercial operation in late 2020. Power from the wind project will be delivered to California in part via the SunZia Southwest Transmission Project, a 520-mile 500-kV transmission line under development in New Mexico and Arizona by SouthWestern Power Group, which

is also expected to achieve commercial operation by 2020. Duran Mesa Wind is a 200 MW project within Pattern Development’s 2,200 MW Corona Wind Projects in New Mexico.

Previously, Pattern Development completed the 265 MW Ocotillo Wind and 101 MW Hatchet Ridge Wind facilities in California, as well as the 324 MW Broadview Wind facilities that serve Californian customers from New Mexico. The 221 MW Grady Wind project in New Mexico is under construction and will also sell power to California customers. The company developed the 345kV AC Western Interconnect Transmission facility that connects to both Broadview Wind and Grady Wind. Pattern Development’s transmission team also constructed California’s first and only merchant transmission line, the Trans Bay Cable, which increased reliability and reduced rates for the San Francisco bay area. ✎

MORE INFO patternenergy.com



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