

April 25, 2012

## Contact Information Of Sender

**I. Name of Organization:**

Local Union #454, The Wharf and Dock Builders, Pile Drivers and Divers, of the Metropolitan Regional Council of Philadelphia and Vicinity, of the United Brotherhood of Carpenters and Joiners of America

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April 25, 2012

United States House of Representatives  
Committee on Ways and Means

To all Representatives:

**RE: THE EXTENSION OF THE WIND ENERGY TAX PRODUCTION CREDIT**

My name is David Roncinske, I am representative of the Wharf and Dock Builders, Pile Drivers, and Divers Local Union #454 of the Metropolitan Regional Council of Philadelphia and Vicinity (MRC), of the United Brotherhood of Carpenters and Joiners of America (UBC&JA).

I am writing on behalf of our members and signatory contractors, who serve every aspect of the heavy foundation, marine construction, and commercial dive markets throughout Pennsylvania, New Jersey, Delaware, and Maryland to ask that you support, and vote in favor of extending the Wind Energy Production Tax Credit before the Ways and Means Committee, of the U.S. House of Representatives for the following reasons:

**Economic Benefits and Job Creation**

1. The development of wind power will provide jobs that pay a livable wage with medical benefits and a retirement with dignity. Working in the wind industry from construction, to engineering and design, to the manufacture of wind related components all require a high level of skill and education, in order to attract people who meet these requirements they will have to be paid a livable wage with benefits. This is in contrast to the service industry, which is based on paying people the least, with no benefits, and employing them on a part time basis.
2. Over all the DOE estimates that both land and offshore wind based power will support 500,000 jobs by 2030.
3. The US DOE estimates that by 2030, the development of 54,000MW of offshore wind projects in the US could create 43,000 permanent operations with the associated maintenance jobs, and approximately 20.7 direct jobs per annual MW.
4. The proof of this economic assessment can be seen in the success of the land based wind industry which has created 75,000 jobs across 43 states.
5. Developing wind power projects, in particular, offshore projects, will not only help the thousands of Americans across the country who are employed in the manufacture of wind power components to keep their jobs now, but it will help thousands more US citizens in acquiring a job somewhere in the wind powered industry.
6. Offshore wind power projects are being pursued up and down the coast throughout the North East, these projects will create thousands of high quality jobs in design, engineering, manufacture, maintenance, and transportation. All of which will lead to new construction projects requiring the services of our signatory contractors who will employ our members.
7. By developing wind power, the U.S. will be able to reduce the importing of fossil fuels used to power the U.S. economy from foreign sources, and regain all the revenue associated with the domestic production of wind power here in the U.S such as, property taxes, wage taxes, and sales taxes.

8. Offshore and land based wind power operations offers the areas like the North East and the Midwest a chance to replace jobs lost to out sourcing and globalization. As it will be much more efficient and cost effective, to serve a domestic wind power industry with domestic support operations.
9. China is a fossil fuel poor nation, it generates the bulk of its electric power from imported coal and diesel used to run dirty power generators. China realizes that its reliance on imported fossil fuel is going to slow their economic growth by increasing production costs, and by hampering their work force through health related problems. China seeks to build 30,000MW of installed wind power in order to reduce their dependence on fossil fuel, and alleviate the health problems associated with fossil fuel fired electric plants by 2020.
10. There is great potential for the exporting of US made wind power components to China, as the US currently enjoys a technological advantage over China in production of these components. The Chinese will be a major consumer of wind generated electricity; this is an opportunity to reverse one element of the trade imbalance between our two nations. The U.S. can be a growing base for the manufacturing of wind power components exported to China.
11. The U.S offers what the Wind industry needs, a surplus of highly skilled workers, an excellent education infrastructure, a strategically advantageous area to manufacture, assemble, and transport wind power components to the project locations here and abroad.

### **Power Production and Environmental Benefits**

1. The US National Renewable Energy Laboratory estimates that the potential for offshore wind power in the US is four times greater than all current national generating capacity.
2. Offshore wind is ideally suited to meet the power consumption needs of the great lakes and US coastal cities which account for 78% of US power consumption.
3. The winds that power offshore wind turbines are at their peak during the day when consumption needs are at their greatest.
4. Wind power can and will provide the long term power production in areas like the North East that have an ever growing need for electricity at stable prices not subject to price increases due to situations beyond our Nations control.
5. Wind power has zero fuel costs; utilities can purchase power at stable rates for terms of 20 years or better without being subject to volatile fuel price increases.
6. When new land based wind power operations have been in operation for one year there will be a corresponding reduction in greenhouse gas emissions in the amount of 70 million metric tons of CO<sub>2</sub>, this is equivalent to removing 12 million cars from operation and or reducing US power generation emission by 3%.
7. Wind power operations will provide clean electric power to US Urban centers plagued by poor air quality that has been shown to cause cardiovascular and respiratory problems in otherwise healthy people.
8. In Europe, offshore wind started off the coast of Denmark in 1991, today the Europeans have installed 4,000MW, enough power to keep the lights on in 1.3 million homes here in the US. By 2020 the Europeans expect to install 40,000MW of off shore wind, enough to power 13 million US homes at a cost of 10.76 Billion dollars a year.

### **Cost Comparison**

1. **Nuclear Power** is exceedingly expensive. One Nuclear reactor producing 1600MW of power will cost an estimated, plus or minus, \$12 Billion dollars and take over a decade to build. All construction cost estimates are exceeded as they can never accurately take into account the future

increase in the price of steel, copper, concrete, labor, etc. Excessive cost over runs are a certainty, not a possibility. Nuclear reactors generate waste with no place to store it long term, as Yucca Mountain, the intended waste disposal site, remains unfinished, with no anticipated restart date. As a result Nuclear power facilities have had to become radioactive waste storage facilities, something they were never intended to be. Storing nuclear waste on site is a significant, yet unanticipated cost and safety risk. The accident at the Fukushima nuclear power plant in Japan has resulted in new safety compliance requirements that will add new and additional cost increases to the already pre-existing ones. Producing electricity via nuclear power will continue to increase over time. Nuclear Power is not a cheap alternative.

## 2. **Fossil Fuel:**

### **I Crude Oil:**

Crude Oil, which all petrochemical products are derived from are subject to price increases due to events beyond our Nations control, price manipulation by domestic and international oil speculators, and an ever increasing global demand for oil related products. Does anyone think that there will be peace in the Middle East in the next five years, let alone ever? Will the fossil fuel consumption needs of China and India be decreasing, or increasing?

### **II Gasoline:**

Gasoline is not cheap now, it is becoming unaffordable for many as demand always out strips supply resulting in inflated prices. In the case of domestic gasoline prices, the price remains high when it should be lower because any surplus is shipped overseas where the price is higher, thereby eliminating any potential savings to the domestic gasoline consumer. Today our nation exports more refined Gasoline than it ever has in our Nation's history.

### **II Diesel:**

The price of Diesel used as home heating fuel is currently priced throughout the North East on average at \$3.95 a gallon. This is far from cheap especially in light of the fact that we have had one of the warmest winters on record. What will the price of Home Heating Fuel be in a real winter two years from now, \$6.00 per gallon? The price of Diesel fuel for transportation consumption, as of three days ago ranges from just under four dollars to well over that amount. Many expect Diesel to rise in price to \$5.00 per gallon

### **II Natural Gas:**

The price of natural gas is cheap right now, but it won't last long for two reasons:

1. Fracking is the new technology that is opening up vast stores of Natural Gas that were once beyond reach. Fracking as a technology may not turn out to be an environmentally safe means of natural gas extraction. There are significant health related concerns associated with the process of Fracking such as polluted water tables, and the increased potential for earth quakes in areas where Fracking is taking place. This could adversely affect the approved use of Fracking as a means of natural gas extraction resulting in future supply estimates not making it to the market.
2. Cheap natural gas can be exported to where it's not cheap, just like other fossil fuel based products to Europe, or Japan. When prices of any commodity are cheap their use only increases and therefore the price will eventually rise until parity is reached. Right now the majority of new electric generating plants under development and or construction, are to be powered using natural gas. When all of these plants come on line how cheap will natural gas be then? It sure won't be as cheap as it is today. As cheap as natural gas is on the whole sale market what discount will reach the customer? You can bet it won't be big one.

### **III Oil and Gas Subsidies:**

The oil and gas industry has enjoyed tax breaks and subsidies from the beginning days of this industry and looks forward to enjoying these same benefits far into the future. Putting an exact figure on the cost of these tax breaks and subsidies is hard to do, some estimate the dollar figure

as low \$4 billion dollars per year, while some estimate the costs as high as \$72 billion dollars. Considering that companies like Exxon Mobil, the largest publicly traded oil and gas company in the world, netted, not grossed, \$9.2 billion dollars in the last quarter there should be no tax breaks or subsidies for these companies in light of what they earn at the consumers expense. The important thing to remember about subsidies and tax breaks is that the recipient of said benefits may not pay the bill but someone else will, and in this case it's the American consumer who is paying more for fossil fuel products today than ever before in the past, prices for gasoline are up 80% over the last two years alone.

Fossil Fuels are overpriced today, and will remain over priced from here forward. Fossil Fuels were a cheap source of power until everyone else started using them, in particular China and India, and neither country is going to cut their rate of consumption back in order to benefit the American consumer. Fossil fuels are not cheap now, and will not be cheap in the future.

**IV Wind Power** is the cheapest, most stable, and cleanest form of power that can be utilized to meet the United States growing power needs for the following reasons:

1. Power from Wind generation can't be shipped overseas.
2. Wind Power production costs will decrease over time as component costs drop, become more efficient, and the use of larger turbines will yield more power.
3. Wind power is not subject to price increases due to events beyond our Nation's control. The price of fossil fuels will always rise over the long term but the price of wind power will decrease.
4. Wind power projects and the development of a Wind Powered Industry will help replace the jobs lost when companies like Sunoco, and ConocoPhillips closed their refineries in New Jersey and Pennsylvania, resulting in the loss of hundreds of direct jobs, thousands of industry related service jobs, along with all of the associated taxes. These lost jobs provided sustainable wages with benefits, and an opportunity to retire. Wind Power projects and a Wind Powered Industry can offset this loss in jobs and tax dollars.
5. Wind Power can produce clean electricity to be utilized in electric cars that then could be charged and driven cheaply throughout the North East. Electric cars are currently not a viable option because they derive the power from conventional sources. But with the development of offshore wind power electric cars could be charged on purely renewable power thereby reducing our dependence on gasoline for the first time since gasoline was used to power some of the first cars.

## CONCLUSION

Will the development of offshore wind power be expensive? Yes. Is the increased cost worth it? Yes. Why is offshore wind worth supporting? Because it is the only large scale and viable means of power production that can do what people have been saying is necessary for thirty years; reduce our needs on fossil fuel which is neither cheap, nor renewable. Will wind power generated electricity be cheaper in the future? Yes. Wind power will be utilized here and abroad on an ever increasing basis, this will lead to a reduction in production costs and a corresponding reduction in the cost to produce electricity.

Our economy has been shedding quality jobs for far too long; the wind industry can reverse this trend. Our nation has relied on fossil and nuclear fuel for the production of our electric power needs for a long time; it is now time for a change. Nuclear and fossil fuels have a place in our energy production portfolio, but it is time that this energy production portfolio evolve in recognition of what off shore wind power offers, clean, stable, renewable, utility scale power production under our control, not Wall Streets, or that of foreign events beyond our control.

Fossil fuel producers have enjoyed subsidies that average U.S. citizens have paid for, for almost a century. Have we been rewarded with cheap prices at the pump, good jobs in local refineries, low home heating fuel prices? The answer is no, we have not been rewarded with any such benefits. Local refineries on both sides of the Delaware River have been shut down. Gas prices are up, home heating fuel prices are up, surpluses are shipped overseas, and on top of that U.S. citizens who haven't seen a wage increase while with ever higher medical insurance costs continue to pick up the tab for tax breaks and subsidies for the Oil and Gas industry, the most profitable industry on earth. Our members and their signatory employers support the extension of the Wind Power Production Tax Credit in the effort to develop wind power, its time has come. Please Vote Yes to extend the Wind Power Production Tax Credit.

Dennis Szumski

David Roncinske

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Council Representative  
Local Union 454

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CC: Ed Coryell, EST of the MRC, Philadelphia

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