

Nordex Grand Opening Jonesboro, Arkansas – Ralf Sigrist  
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## **Welcome**

It's a pleasure to see all of you here today – it's a notable day for Nordex, for Arkansas and for Jonesboro.

I would like to extend a warm welcome to our customers, who traveled here, to our suppliers and bank representatives. And I would like to welcome Governor Beebe, Senator Lincoln, Maria Haley and Joe Bailey from the Arkansas Economic Development Commission, Judge Dale Haas from Craighead County, Mayor Perrin, Mark Young and his team from the Chamber and all who have supported us over the past two years. We also have here today the management board and other colleagues from our German parent company Nordex SE, our colleagues from Chicago and, of course, our growing team of colleagues here in Jonesboro, many of whom have recently returned from their training in our German factory as we have just heard.

## **Mutual Opportunities**

I know many of you are excited about the jobs and the opportunities we are creating. And I thank you for celebrating this with us. Creating jobs, for Nordex, is one of the greatest benefits of what we do – and what we have done over the last 25 years. And we can do it here thanks to the great potential of wind in America.

But potential is like an empty glass – it has to be filled. And since we are in this together, I think it's important that we understand our opportunities and the challenges we face together.

Let me start off by saying that I know the wind and energy business is not widely understood. I live in a suburb of Chicago, and one of our neighbors recently asked my wife: "Aren't wind turbines powered by generators to keep them turning when there's no wind, so that they *look* like they're still operating?"

Others tell me that wind is certainly a very exciting industry. But they wonder whether it's really viable without subsidies, and then ask how long we're going to rely on government money.

We can also see that our industry isn't understood because, otherwise, the competitive landscape in America would look very different. Many do not realize how much taxpayers have been subsidizing conventional energy sources since 1923. It is estimated that from 2002 to 2008, subsidies for conventional energy have cost the American taxpayer about 70 Billion dollars.

All across America, utilities require that wind farms commit to a firm price for 20 years. They do *not* have the same requirement for conventional power plants. In fact, an operator of a coal, natural gas or nuclear plant receives the actual cost of the plant plus the actual cost of the fuel plus a fixed percentage as a mark-up on the fuel cost. This means that the more the fuel costs, the more the utility earns – which is only one of the reasons why many utilities do not embrace the opportunity to stabilize prices by buying power at a fixed cost.

And, yes, we hear that electricity from nuclear power plants can be generated for as low as 2 cents per kWh. This is true – once a nuclear power plant is completely paid off. Once a wind farm is completely paid off it can generate power for half that cost.

There are a great many myths and misunderstandings about wind and the power markets, and I am passionate about setting the record straight. But, it's been my keen observation that when I start talking about the intricacies of the wind business and electricity markets, an interesting phenomenon occurs. People's eyes take on a unique sheen. You have a phrase for this in English – it's called "glazing over". It may be my hypnotic charm. Or, it may be that words like "megawatt", "kilowatt", "power purchase agreements", "feed-in tariffs", "wheeling charges" – well, many just don't find these as fascinating as I do!

### **A New Energy Crop**

So let's suppose that instead of talking about watts and kilowatts, we talk about food and crops. That isn't really much of a stretch, especially here in Arkansas. After all, what do we call a collection of wind turbines? A wind *farm*. And we also say that wind farms *harvest* wind. We consume electricity, much like we consume bread and cereal.

So, let's suppose that America has discovered a new, abundant food source. It grows wild and is completely disease-resistant. It just needs to be harvested and delivered to the market.

To deliver our old-style farm crops we built roads, highways and railroad – a vast infrastructure. Our new crop also requires an infrastructure – the transmission grid. Unfortunately over the past 50 years we haven't maintained this grid very well or invested much in its expansion. As a result, our new crop might have difficulty moving from the places where it grows in the wild to the cities and population centers that are hungry for our food.

And let's continue the analogy. Let's suppose that the cost of this new crop is at the moment more – not a lot, but sometimes a bit more – than the old-style crop. There are many reasons for this, including subsidies for the old-style crop going way back and that put our new crop sometimes at a price disadvantage. But if we can level the playing field through sound policies that help "retrofit", so to speak, a centuries-old farming market to make room for our new crop, we can be even more cost competitive – in fact, we can boom!

And suppose that by supporting the growth of this new food source we could replace imports, eliminate health risks and stave off hunger all while creating high quality jobs and growing GDP.

Now, you might be wondering what will happen to our old-style crops if our wild variety really establishes itself in the market. Will they be replaced? Leave barren fields and bankrupt farmers? Certainly not! In part, because there are more and more mouths to feed, and no single food source can feed them all! Just like mama said, we need a variety of foods to keep us healthy and strong. But, we should all eat more vegetables!

It just so happens, for the convenience of my analogy, that food security is one of the biggest challenges facing the world right now. In light of this reality, what would you do? Would you help our new crop get to market and flourish? Would you expect government to make sure of it? Would you take the position that it is in our national interest?

There is another enormous challenge facing the whole world. Energy. We have a free and abundant energy source blowing across the whole country. Will you help us get it to market and flourish? Will you ask your leaders to make sure of it? Do you believe it is in our national interest?

See, when it comes to food, we all know what to do. With energy, not so.

Why do I say that? In the span of two years, Nordex announced, planned, built, staffed and fired up this plant. But in that same two years, Congress has stood still on a national energy strategy. A sound policy framework is still missing. The will to set national energy goals that can secure a new harvest is anemic; the resolve to invest in infrastructure is weak. How will our crop, with all its potential, flourish?

### **Market Realities**

Also, two years ago, the United States was the largest, fastest-growing wind energy market in the world. No longer. China. China knows it will have an energy problem in the future if it does nothing. So, it set a national goal to meet the challenge. Meanwhile, the US exchanged its global lead for lay-offs, for dropped orders, for postponed projects, and for investors with cold feet.

This happened at a time when (a) new jobs were sorely needed and (b) everyone knows clean energy can create them. This doesn't make sense.

Many people have asked me why we didn't experience lay-offs like our competitors here in the United States. Well, it's easy – when you have only 10 employees, it's not really an issue. In other words, our timing was lucky – we had not yet ramped up and so didn't have to ramp down.

But we are not immune – neither is our plant and neither is our workforce. We make the machines that harvest a new crop of energy. But we can only flourish if the greater market flourishes.

I recently read that Arkansas industrial jobs have declined by 9% over the past two years. That's more than 20,000 manufacturing jobs. Sobering. The report called Nordex a "bright spot" for the State. I strongly believe there are more bright spots to come. Did you know that this year we convinced our steel components supplier – a company by the name of Beckmann Volmer – to also build a factory in neighboring Osceola? They will invest 10 Million dollars into a plant that will employ another up to 500. Just one example.

Arkansas has become a success story for the wind industry. Your state leaders, and I mean Governor Beebe and his team, have not stood back watching Arkansans lose jobs. They have actively gone out to bring in the most promising industry of the next generation.

But it's not a done deal. Now, we have to water what we've planted. We have to ensure that the industry you have worked so hard to establish takes firm root in the national market via strong, sound renewable energy policies.

### **Strategy as the Solution**

Now, what does that look like?

Well, to start, we need an energy strategy. I do not mean a tax credit here, a grant there, disconnected from anything. I mean a vision for future energy security. Because what else will the country run on if not electricity?

From strategy flows policy – that’s the second thing. Policy is the tool that gets us where we want to go. And because the energy market is highly regulated at every level imaginable, any new energy source must have a long-term regulatory framework in order to get traction in the market – and also to secure financing to build power plants.

An interesting fact: demand for electricity in the US is projected to grow by around 30% by 2030 – 20 years from now. If we set a goal to provide that growth amount from renewable resources such as wind, solar and geothermal (which we are using here to heat and cool our plant), we could create new businesses, lower energy costs, reduce dependence on foreign sources – without threatening the jobs and income of conventional suppliers.

Such a goal, in policy language, is called a “Renewable Electricity Standard”, or “RES”. Producing 20% of our electricity from renewables is imminently doable – if we set the goal and create the policy.

Congress has not managed to do this. And Arkansas?

Besides Arkansas there are three other States that have established themselves as regional wind manufacturing hubs. Those are Colorado, Iowa and Pennsylvania. Arkansas is the only one out of the four that does not have a state-level RES. If RES is not be the best policy tool for Arkansas, a feed-in tariff, as has been used in Europe, would, of course, equally encourage the market, as discussed in the last legislative session in Little Rock, in early 2009.

### **Need for Perspective**

One of my favorite American symbols is the bald eagle. The bald eagle has many admirable attributes, but its core strength, I believe, is its perspective. It soars high above the earth and can see the full situation, judging wisely where to go.

In my view, the reason the nation is stuck in a tar pit when it comes to finally and boldly enacting a true energy strategy is due to lost perspective – the perspective to embrace the opportunity at hand and lay the groundwork for generations to come.

I recently learned that Arkansas is a favorite wintering ground for bald eagles. And that the eagles can be seen in nearly every part of the Natural State.

You’re also now a favorite ground for wind turbine manufacturers. What happens on the national market happens here. So let’s have an eagle’s perspective and make it happen!

Thank you and enjoy this day with us!