

NEW SIEMENS NACELLE PLANT GIVES KANSAS ECONOMIC TOOL

By Dennis M. McLaughlin

The Kansas economy is growing beyond its agricultural roots. While each Kansas farmer or livestock producer still feeds about 144 Americans every day, the state will soon be helping them cook and refrigerate the food, too, with renewable energy supplied by Siemens' wind turbine technology.

At its new plant in Hutchinson, Kansas – officially unveiled on December 3, 2010 – Siemens Energy will assemble the 90-ton nacelles that sit on top of the wind turbine towers, housing the drive train and gear box connected to the giant blades. A single wind turbine unit will generate 2.3 MW, enough energy to power 600 homes a year.

As part of the opening ceremonies, with more than 450 people on hand, Siemens rolled out the first completed nacelle destined for Puget Sound Energy's Lower Snake River Wind Project in Washington state. When operating at capacity, the 300,000 square foot assembly facility expects to ship upwards of 500 nacelles a year for use on its wind turbine systems in the North American market.

For Siemens, the plant opening and the shipment of the first nacelle unit marked an important milestone in its energy growth strategy in the U.S. Officials of Siemens Energy group said the new plant demonstrated the company's investment commitment in the U.S. and its confidence in the future of the U.S. renewable energy market.

In the last five years, Siemens has made its presence known in the wind energy industry in the U.S. It holds the number three spot in the market in terms of installed capacity, producing 3,600 MW of power – enough to supply more than a million average homes. Siemens makes wind turbine blades at its 600,000 square foot manufacturing facility in Fort Madison, Iowa, and produces wind turbine gearbox at facilities in Elgin, Illinois. The company also has a wind turbine service operation in Houston, Texas, and a research and development center in Boulder, Colorado. "We're investing in wind in America because we believe that wind power is here to stay," said Eric Spiegel, CEO of Siemens Corporation, who noted, "The U.S. is one of the most important wind power markets in the world, and by opening our first nacelle assembly facility in the U.S. we are closer to our customers which allows us to better meet the strong demand for clean energy right where it is used."

Spiegel went on to explain that Siemens anticipated the U.S. would provide long-term support for wind power to solidify its growing energy independence and desire for clean, abundant natural resources to satisfy a sustainable electricity demand. Currently the U.S. has nearly 37 GW of installed wind power capacity – ranking it number one globally. Conversion of wind power to sustainable energy in America is growing at a rate of 39 percent.

Kansas' U.S. Senator (and governor-elect) Sam Brownback described the Siemens wind nacelle plant as an economic boost for the Hutchinson community and the state of Kansas. "The expansion of renewable energy infrastructure is critical as America looks for ways to decrease its dependence on foreign, non-renewable resources," he said. "I look forward to all the ways my home state of Kansas will take the lead on increasing national access to wind energy as we continue to grow the economy and create jobs."

Neither the city nor the company disclosed the full economic impact the plant would have on the area. But the Siemens nacelle manufacturing operation employs 130 people at the moment; and that figure will grow to 400.

For the community of Hutchinson, the nacelle manufacturing plant could not have arrived at a better time. The region had been hit by hard times even before the current economic downturn affected the rest of the country. But as the community reaps long term economic advantages from the plant, Siemens sees the operation as mutually beneficial.

"It's a great story," said Jan Kjaersgaard, Vice President and General Manager of Wind Power Americas, Siemens Energy. "It's a perfect example of a city and corporation coming together to take advantage of the assets each party brings to the table." He referred to the logistical desirability of Hutchinson's mid-continental location close to Interstate 35 and 70 and its proximity to the UP and BNSF railroads. He also noted how city leaders mustered the support of the state to create approximately \$5 million in incentives to attract the \$35 million construction project. At the same time, he mentioned, the Hutchinson plant fitted the Siemens' strategy to link its strong brand recognition in America with the efficiencies of manufacturing and assembling the wind turbine nacelles and blades in the U.S. Additionally, producing the wind turbine systems in the U.S. – where they will be installed – mitigates the repercussions currency fluctuations can have on costs.

In speeches during the event, Hutchinson officials mentioned the plant construction came in under budget and on schedule. Other dignitaries pointed out the Siemens facilities in Hutchinson had already put another economic multiplier in motion for the city: Amsterdam-based Draka Holdings, a global cable manufacturer, is opening a plant in Hutchinson to supply the Siemens operation.

"This internationalization of the supply chain," said Jen Saul, CEO of Siemens Energy's wind power business, "combined with innovation and industrialization, will contribute to making wind energy cost competitive in the near term with more conventional sources of electricity."

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NATURAL GAS MEETING ENERGY DEMAND GLOBALLY



Peter Voser

In a world of rising demand for energy and growing environmental stresses, natural gas as an abundant, affordable and clean source of electricity deserves to play a greater role. The supply picture for natural gas has improved spectacularly in the past few years. Indeed, it is not an exaggeration to speak of a supply revolution, driven mainly by the boom in production of tight gas, shale gas and coalbed methane in North America.

CFTC'S IMPACT ON ENERGY



John England

The Dodd-Frank Wall Street Reform and Consumer Protection Act became law on July 21, 2010. As a response to the financial crisis, it seeks to increase accountability and transparency in financial markets. Much of this legislation is aimed at Wall Street. New over-the-counter derivatives regulation by the Commodity Futures Trading Commission (CFTC) will affect energy companies.



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Rare Element Reports Additional REE Assays From Resource Areas and a New Target Area

The Dodd-Frank Wall Street Reform and Consumer Protection Act became law on July 21, 2010. It seeks to increase accountability and transparency in financial markets, aimed at Wall Street. New over-the-counter derivatives regulation by the Commodity Futures Trading Commission (CFTC) will affect energy companies. Potential pro-active steps by energy companies to assess the potential effects of new regulatory options being considered by the CFTC would examine staff training and hiring needs; policies and procedure modifications to assure exempt status; cost/benefit assessment of non-exempt activities; and infrastructure needs. A broad energy industry coalition, including the Edison Electric Institute and the Electric Power Supply Association were active in lobbying Congress to include energy firms in the commercial end-user exemption, John England writes on page 1.

Lyn Corum reports that California voted for a 33 percent renewable market by 2020 by defeating AB32 on November 2 by a 20% margin. Since August, the California Energy Commission has approved 3,500 mws of solar projects with another 800 solar mws expected by the end of the year. She also covered the SPI convention for "California News" on page 13. ESB Networks, the electric network utility in Ireland, and the Ireland government are developing one of the most comprehensive smart grid initiatives to support the Irish government's targets for wind integration, energy efficiency, and electric vehicle integration.

ESB Networks has joined the smart grid demonstration initiative organized by the Electric Power Research Institute, the Electricity Research Centre of Ireland, 16 industrial partners, the Sustainable Energy Authority of Ireland and the Commission for Energy Regulation, Mark McGranaghan of EPRI tells us on page 14.

Dr. Lisa Wood, Executive Director of the Institute for Electric Efficiency, returns on page 15 to byline a new report that utilities in 43 states are installing or have pilot programs on smart meters. The latest research from Edison Electric Institute found that after hearing about smart meters and the smart grid, a majority of consumers (64%-71%) support the idea that their electric utility should start now and work quickly to begin implementing smart grid/smart meter technology, regardless of the costs

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