



Bargain hunters take note -- wind energy is a great deal

Kelley Welf, Communications Manager • Sep. 12, 2014

Everyone loves a bargain. The surprising truth to some is that the cost of wind has dropped by more than half in the past five years. That's thanks to many technological advancements in the turbines, taller towers that can reach higher wind speeds, longer blades that get more power from the wind, computer technology that can adjust the entire array of turbines for maximum output and can predict failures in advance so turbines can be maintained instead of repaired or replaced, and best of all - more domestic manufacturing to lower the cost of transporting the large towers and blades, which can be up to 20% of the cost of a wind farm.

It's also thanks to a relatively stable business environment provided by the Production Tax Credit (PTC). This federal tax relief provides value to consumers by growing low-cost wind power, diversifying our nation's energy mix, and attracting up to \$25 billion dollars a year in private investment to our economy.

With the average Power Purchase Agreements (PPAs) for wind energy at historically low prices in many regions of the country, wind is a great bargain. And, it's one that utilities can count on for 20 - 25 years. If you could lock in the cost of your greatest necessity at its lowest price for 20 years, you would do it in a heartbeat. That's exactly what smart utilities are doing when they sign long-term PPAs for wind energy.

Utilities and system operators have not been shy about singing the praises of low-cost wind energy and the savings they can pass along to their customers. They frequently cite the fact that wind is a zero-cost energy resource which displaces the most expensive and least efficient power plants first.

Here's what a few utilities have said:

"We started shopping for more wind energy in March [2013] after seeing some very good prices on the market [...] We are making these acquisitions purely on economics and the savings we can deliver to our customers," said Riley Hill, president and CEO of Xcel Energy's Southwestern Public Service Company after announcing on July 10, 2013 nearly 700 MW that will save customers more than \$590 million in fuel costs over 20 years.

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Xcel Energy CEO

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MidAmerican Energy President and CEO Bill Ferhman said its "... proposed wind expansion will not only add to MidAmerican Energy's and Iowa's position as a national leader in wind generation capacity, it will help reduce future rates to our customers by as much as \$10 million per year ...". After announcing a large purchase of wind power Xcel Energy CEO David Sparby stated, "wind prices are extremely competitive right now, offering lower costs than other possible [energy] sources."

In addition, data from the 2013 U.S. Energy Information Agency (EIA) Annual Energy Outlook report shows that new wind generation is cost competitive with all forms of electricity - currently second only to natural gas.

A white paper published by the American Wind Energy Association using [Department of Energy data](#) in February shows that consumers in states that use the most wind energy have seen decreases in their electricity prices over the past five years, while other states have seen increases in their electricity prices.

Wind generated electricity is consistently the lowest-cost new resource on the system, because wind is, and always will be, free.

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