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Energy Industry Perspective for 2010

I've been involved in energy project development for several years and have been fortunate to experience year over year industry growth – that is, until recently. Though the past 18 months have been very trying within the energy sector, I'm excited to embark on another year of capitalizing on new opportunities and creating solutions to long-standing challenges. Staying flexible and focused will help everyone in the energy industry deal with the uncertainties that still lie ahead.



Renewable energy projects received a much-needed financial boost from the federal government in 2009. However, the real driver for continued investment – a federal Renewable Energy Standard (RES) – is unresolved. Will an RES remain handcuffed to broad climate change legislation? Will some form of a jobs bill contain an RES provision on the premise that a rejuvenated manufacturing core and an explosion of green collar jobs are a presidential pen stroke away? Or, will the renewable energy industry need to prepare itself to rely on more traditional means of project financing?

Nationally, transmission planning made important strides in 2009. The Competitive Renewable Energy Zone (CREZ) initiative in Texas, for example, experienced real progress last year, demonstrating that large-scale, state-run infrastructure development can take place and can lead to the utilization of renewable resources. Working against this momentum, however, is the decrease in energy growth seen since 2008, which has reduced the need for many new power plants, pipelines, and transmission lines.

The steep rise and subsequent plummet of gasoline prices in recent history offers little indication of what may happen next. Recently, utilities have had less leverage getting approvals for rate increases that are intended to cover new infrastructure or the addition of more renewable generation into their portfolios. In addition, reduced utility demand for new solar generation has led to a significant over-supply of equipment and materials, notably PV panels. Subsequent prices for installed projects have dropped, threatening the livelihood of both solar equipment manufacturers and project developers.

Charting a course for the future is always difficult, and the current uncertainties add to the challenge. The way forward can be navigated successfully by balancing innovation with a commitment to core competencies and customers. Tracking trends is essential for staying flexible and responsive in the quickly evolving energy industry. Forging strong relationships with clients and strategic partners is also critical to weathering whatever changes the industry faces. As the old proverb goes, you can't control the wind, but you can adjust your sails.



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