

# Promising Start-Up Industry Awaits Political Support to Ignite Economic Development & Job Creation

*The Great Lakes Towing Company Forecasts Unprecedented Economic Growth in Clean, Offshore Wind Energy in Lake Erie.*



Often lauded by pundits, politicians and many industry leaders as the “Saudi Arabia of Wind,” Lake Erie has the potential to supply enough clean energy to light up tens of thousands of homes and power thousands of businesses.

Lake Erie Energy Development Co. (LEEDCo) has provided the spark necessary to ignite that power generation. Armed with \$50 million in federal support, LEEDCo will carry the distinction of being the first-to-market player in the freshwater offshore wind energy arena, with the anticipated completion of its “Icebreaker” wind farm in 2018.

## Lake Erie: The Central Hub for U.S. Offshore Power Generation

Once complete, the six-turbine demonstration project located eight miles from the Cleveland shoreline could potentially position Lake Erie as a central hub for U.S. offshore wind power generation. As quoted by U.S. Rep. Marcy Kaptur (D-OH), “The strength of the Icebreaker project, as opposed to its competitors, lies in LEEDCo’s commitment to leverage offshore wind energy with local Ohio-based jobs in the steel, construction and transportation industries. This means local job possibilities beyond wind generation are on the horizon.”

One of those Ohio-based suppliers with its sights set on

the vital maritime role in future offshore wind development is The Great Lakes Towing Company (GLT), a fixture on the Cleveland shoreline since 1899.

GLT owns and operates a fleet of tugboats and a full-service shipyard, and has been pursuing multiple market opportunities in offshore wind, including manufacturing of turbine foundations, construction logistics, and long-term maintenance, repair and operations services.

## A Key Role in a New Industry

One of LEEDCo’s primary roles during the Icebreaker project has been development of an installation strategy that leverages the use of existing regional assets such as tugs and barges, port infrastructure, and local manufacturing. That strategy will also consider future offshore wind projects both in Lake Erie and throughout the Great Lakes, much to the benefit of companies like GLT.

“The potential for growth in wind energy is significant, and we see the demands of the industry as a natural fit with our core skills and capabilities,” says Joe Starck, President of GLT. “We look at Europe, with its

4,000 offshore turbines, being serviced by a large number of shipyards with great success and impressive results. The support we can provide in Lake Erie is a natural extension of our existing business.” In addition to use of its floating assets, GLT is working with AT&F, one of the country’s top steel fabricators, to leverage its shipyard assets for the assembly, construction, and delivery of the wind turbine foundations.

## The Promise of Clean Energy for the Local Supply Chain

Because of its relatively small scope, the Icebreaker project represents a tremendous ground-floor opportunity for local supply chain manufacturers and service providers to enter the clean energy marketplace, according to Robert Zadkovich, Vice President of Business Development for GLT.

“A six-turbine wind farm is a nice number for local companies to gain experience, and can open the door to our local suppliers because, at this level, large international suppliers simply aren’t interested in participating,” Zadkovich says. “So it’s advantageous for local businesses to get into this industry on the entry-level side now to learn as much as possible and obtain critical experience,

so that they will be equipped to compete when the large-scale projects come later.”

But, he adds, “The next piece in this overall puzzle is absolutely critical.”

If Icebreaker proves successful, expansion of wind industry in the Great Lakes is imminent. LEEDCo’s vision is to build a thriving offshore wind industry, generating thousands of megawatts for Ohio and other Great Lakes states, which presents huge potential for GLT and the hundreds of companies that, along with it, comprise the regional supply chain.

Presently, there are several factors driving offshore wind development in the Great Lakes, with the most notable being the cost to construct such projects. From the development of specialized foundations that will support the turbines, to optimized onshore methods for assembling and welding the massive components required for each foundation, every effort is being made by suppliers to reduce costs.

“Driving down the costs of construction and installation will reduce the bottom line cost of electricity generation, and make further offshore wind development in this region more attractive,” says Zadkovich, adding that “Developers will naturally gravitate toward the projects with the best earnings opportunities.”

From a consumer’s viewpoint, offshore wind power still has a



high-cost stigma attached to it. But with more technology firms and energy users like Amazon, Google and Facebook becoming increasingly aware of the social footprint they leave as a result of the huge demand for energy to run their massive server farms and distribution facilities, the trend towards clean power falls right in line with the desire to become more socially and environmentally conscious.

Those companies – and other businesses like Honda, GM and Campbell Soup Company – are also realizing the economic benefits of diversifying their power supply, a move that is becoming more common as a strategy to mitigate against utility price gouging.

“Not only are those companies willing to pay more for clean energy, they’re actively seeking clean energy states that offer affordable real estate and low-cost work environments, and hiring new employees at those locations to fill top-dollar positions,” says Zadkovich.

## Economic Growth Delayed by Political Indecision

The region’s ability to attract such investment stalled in 2014 when Ohio suspended its Renewable Portfolio Standard (RPS), a regulation that requires the increased production of energy from renewable energy sources such as wind, solar, biomass and geothermal.

“Suspension of the RPS resulted in all of the clean energy developers leaving the state,” claims Zadkovich. “And when the developers left, the industry came to a standstill. Nothing has happened since then, and there’s just no one left.”

As legislators debate the level at which the state will support clean energy, Ohio supply chain businesses have put off decisions to further invest in the industry.

“It’s very important to have a project like Icebreaker right in our backyard,” says Starck. And it’s especially important for the heavy industrial base across Northeast Ohio. We envision broadening our market from Lake Erie to the East Coast, and other potential offshore wind projects to work on future wind farm projects.

“But we can’t start ramping up on specialized equipment when we’re not sure if anything is going to happen. We believe the decision to go forward is in large part dependent upon a stable and proactive policy that will support the production and use of renewable energy.”



Having a consistent policy is vital to spur growth in a start-up industry such as offshore wind energy, according to Zadkovich. “Our legislators need to decide what the government’s role is in economic development opportunities for local and regional businesses, and if that role is worthwhile,” he says. “There’s definitely an opportunity to attract out-of-state companies interested in operating their businesses on clean power. Why not build and generate that power right here? The fact is, no local companies are benefiting from Ohio utilities that are bringing in power from Texas and elsewhere.

“Certainly the start-up of any new business is never 100% efficient,” Zadkovich says. “But, if we’re able to launch this entirely new industry, we will be able to beat our competition to the market, and then drive down costs. Icebreaker is a great start

for us. Once these six turbines are up and running, we’ll know exactly where and, perhaps more importantly, how to bring out a fair amount of costs.”

## An Optimistic View of the Future for Clean Energy

Zadkovich is optimistic that Ohio legislators will realize the positive impact that a supportive RPS will have on manufacturers, and the economic ripple effect that such a policy can generate in the areas of the supply chain, jobs, and ultimately making a burgeoning industry increasingly more efficient and self-sustaining while also attracting out-of-state companies yearning for low-cost, sustainable locations to set up facilities powered by clean energy.

“There will be more offshore wind development in the U.S.,” he states, matter-of-factly. “The question is, will Ohio position itself to lead that development in the Great Lakes region or will we lose out to the East Coast states?”

“We really hope that development starts in Ohio soon and grows throughout the Great Lakes. We’ll be ready when that day comes. Long-term, a healthy RPS will help us plan for growth and investment with the comfort of some certainty.”

### CONTRIBUTORS:



## Ready to Take Action?

Visit WIRE-Net’s Clean Energy Manufacturing webpage (see link below) where you can contact Governor Kasich to tell him you support his position to reinstate the renewable and efficiency standards that will strengthen Ohio manufacturing:

[www.wire-net.org/manufacturingServices/clean-energy.aspx](http://www.wire-net.org/manufacturingServices/clean-energy.aspx)

At the Ohio Manufacturers Association, you can also cut & paste the same message to share it with your Ohio State Legislators:

<http://bit.ly/OMALegislators>