



Department of Energy
Washington, DC 20585

ASSISTANT SECRETARY OF ENERGY
FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY

MEMORANDUM OF DECISION

SUBJECT: Determination of inapplicability (limited waiver in the public interest) of section 1605 of the Recovery Act of 2009 (the Buy American provision) for the Vestas V-82 Turbine to be installed at the Heartland Community College in Normal, IL, funded in part under a sub-award (09-462013) from Illinois Department of Commerce and Economic Opportunity (DCEO), sub-recipient of SEP Award DE-EE0000119 to the Illinois State Energy Office.

This waiver applies to the tower and nacelle. The turbine blades will be manufactured domestically.

Under the authority of the Recovery Act, section 1605(b)(1), the head of a Federal department or agency may issue a "determination of inapplicability" (a waiver of the Buy American provisions) if the application of section 1605 would be inconsistent with the public interest. The authority of the Secretary of Energy to make all inapplicability determinations was re-delegated to the Assistant Secretary for Energy Efficiency and Renewable Energy (EERE), for EERE projects under the Recovery Act, in Redelegation Order No. 00-002.01E, dated April 25, 2011, for EERE Recovery Act projects.

Pursuant to this delegation, the Acting Assistant Secretary has determined that application of section 1605 restrictions would be inconsistent with the public interest for the project described herein.

Specifically, this public interest determination waives the Buy American requirements for the Vestas V-82 wind turbine being installed at the Heartland Community College (HCC). The project is funded, in part, by sub-award 09-462013 in the amount of \$500,000.00 from the Illinois Department of Commerce and Economic Opportunity (DCEO), sub-recipient of SEP Award DE-EE0000119 to the Illinois State Energy Office. This waiver applies only to this project.

In 2010, Heartland Community College (HCC) was selected by the Illinois Department of Commerce and Economic Opportunity (DCEO) to receive a \$500,000 grant from the Illinois State Energy Office. This grant would come from money that the State of Illinois received from DOE under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5, 123 Stat. 115; ARRA) and DOE's State Energy Program (SEP) to support the

construction of a single, utility- scale 1.5-megawatt wind turbine on the northern end of the HCC campus, just south of Interstate 55 (I-55), in Normal, Illinois. The proposed wind turbine would enable HCC to reduce energy consumption from the electrical grid and lower its carbon footprint, as well as provide an opportunity for curriculum development and training for community college students interested in wind turbine operations and management. The current estimated project cost is approximately \$4.6 million. The costs of the foreign-made nacelle and tower are \$857,020 and \$316,980, respectively, representing approximately 26% of the total estimated project cost. The remaining costs are US labor and services, valued at \$1,230,000; the balance of plant (which will use only US manufactured goods), valued at \$1,776,000; and the U.S.-manufactured blades valued at \$420,000.

After reviewing the wind data collected at the proposed project site over the course of more than a year, HCC's land availability, the energy production desired, and HCC's educational and instructional goals, EAPC Engineers and Architects of Grand Forks, ND recommended the Vestas V-82 and one other 1.5 MW turbine as economically viable solutions for the project. The Vestas V-90, a domestically manufactured 1.8-2.0 MW turbine was found to not be viable for the project due to the manufacturing lead time and overall cost per kWh production¹.

Upon further review by the college, the other viable 1.5MW turbine was found not to be commercially available for a project of this scale (one turbine). The college's inquiry to a local Illinois turbine dealer revealed the availability of a Vestas V-82 machine with the supporting manufacturer warranty and service agreement. Based on the EERE Buy American team's evaluation of all of documentation submitted, , HCC's statement that no US manufacturer is willing to provide a 1.5-2.0MW wind turbine that meets project cost-benefit analysis and performance specifications is supported by available evidence. In addition, the evaluation of supporting documentation indicates that the Vestas V-82 turbine proposed for use in the project will meet said project design, cost, and performance specifications.

The V-82 turbine is the last one that remains available directly from the manufacturer, as this turbine is no longer being produced by Vestas. However, the nacelle and tower of the V-82 were produced in Spain. The blades will be produced in Colorado. Vestas the manufacturer of the V-82, has four production facilities in the United States, where it produces other turbine models and employs over 2000 US workers. These domestic manufacturing facilities are equipped to make the towers and nacelles for the larger

¹ The Vestas V-90s represent state of the art double fed induction generation and though the turbine would represent a huge increase in overall production, the price increase per kWh produced does not work for this project and the funds available. The V-90 payback was in excess of the period set forth by the college when defining the project goals. The V-90 would amount to an increased annual savings of \$49,000 per year with an additional cost of \$1,170,000. This pushed the turbine payback model back in excess of an additional 8 years in comparison to the V-82.

Vestas V-90, V-100 and V-112 machines. However, none of these machines are economically viable for the HCC project.

Additionally, the Vestas V-82 turbine is the predominant turbine at a large wind farm located in close proximity to Heartland Community College. The HCC project would thus provide very relevant educational and professional training to local students in the installation, operation, maintenance and eventual decommissioning of the V-82 wind turbine—training that the students could potentially use to gain employment in the local wind industry. Also, operations and maintenance costs are reduced significantly because spare parts and maintenance professionals are available in close proximity to the college.

Based on information provided to EERE, HCC has taken necessary steps to obtain all required local, state and federal approvals to move forward on the project. This includes receiving a Finding of No Significant Impact (FONSI) under the National Environmental Policy Act (NEPA), DO-EA 1907 on February 2, 2011. The project is now “shovel ready” and prepared to create jobs in the transportation, installation, operations, and maintenance of the wind turbine. In this case, EERE believes the public interest is best served by not impeding a project that will create jobs and contribute to building a strong domestic renewable energy infrastructure. EERE therefore finds it is in the public interest to issue a waiver of the Recovery Act Buy American provisions for the Vestas V-82 Turbine to be installed at the Heartland Community College in Normal, IL, and to thus allow this project to move forward immediately.

In light of the foregoing, and under the authority of section 1605(b)(1) of Public Law 111–5 and the Re-delegation Order dated April 25, 2011, with respect to Recovery Act projects funded by EERE, the Acting Assistant Secretary hereby issues a “determination of inapplicability” (a waiver under the Recovery Act Buy American provisions) for the Vestas V-82 Turbine to be installed at the Heartland Community College in Normal, IL, funded in part under a sub-award (09-462013) from Illinois Department of Commerce and Economic Opportunity (DCEO), sub-recipient of SEP Award DE-EE0000119 to the Illinois State Energy Office

This waiver applies to the turbine tower and nacelle. The turbine blades will be manufactured domestically.

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Henry Kelly

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U.S. Department of Energy