

Statement to the Economic Development Subcommittee of the Governor's
Ocean Energy Task Force, May 21, 2009

By

John Henshaw, Executive Director, Maine Port Authority

The mission of the Maine Port Authority is to develop and maintain Maine's port infrastructure, and to market Maine's ports to shippers, carriers, and the cruise shipping industry, to the economic benefit of the state.

That said, transportation logistics is just one more tool in the economic development toolbox. With respect to ocean energy, in all its forms, the state's port infrastructure will play a vital role in its development. By way of example, I thought it would be useful to illustrate the role that ports have and will likely play in the wind industry.

Maine has recently seen increased traffic through its ports related to the on-shore wind industry. Because of their size and weight, wind turbine components, manufactured off shore, should logically land at ports close to where wind projects are being developed. The industry appears to still finding its way with respect to transportation logistics however. For example, wind turbine towers landed at Portland last summer, destined for a project in New Hampshire, were originally destined for the port of Philadelphia at the direction of a logistics provider based in Houston. Because of difficulties in obtaining permits to cross Massachusetts, the towers were redirected to Portland, saving the project developers more than \$1 million in trucking costs.

By comparison, this year the industry appears to have recognized the value that Maine's ports offer, given their proximity to the resource and their projects in northern New England and eastern Canada. Eastport has received a large shipment of wind blades for various projects in and out of

the region. Searsport is utilizing every available acre of lay down area for two large projects in western Maine and Vermont. Portland will likely see wind turbine components coming through the International Marine Terminal this summer and fall destined for western Maine. Even Presque Isle is beginning to handle domestically produced wind turbine components arriving by rail. Maine is developing an expertise in the handling, logistics, and transportation of wind turbine components that will prove important as the off shore wind resource begins to be developed.

At the same time, other industrial sectors are also becoming active in the industry. The University of Maine is becoming increasingly active in testing and prototyping, the Maine Composites Alliance is interested in manufacturing, construction companies are realizing opportunities in project construction. Additional opportunities in metal fabrication, engineering, environmental consulting and other areas may also be realized. Recognizing these opportunities, the port authority has convened a series of meetings to help coordinate the efforts of these various groups. We hope to announce the formation of an industry-led Maine Wind Industry Initiative in the near future. This group would both serve as a conduit for funneling opportunities to Maine businesses from an industry dominated by a relatively few OEMs and also for marketing their capabilities to the industry.

As the offshore wind industry develops, there will be increasing opportunities for ship building, manufacturing, staging, construction, and servicing of the industry. Because the components for offshore wind will be even larger than those used on-shore, there will be value in situating these activities in or near ports with proximity to the resource. If Maine companies can demonstrate the requisite expertise now on on- and near-shore projects, they will be better positioned to compete for work on the off-shore resource.

To support this goal, I would recommend three steps to the committee:

1. Reserve land in proximity to our ports for the purpose of manufacturing, staging and servicing off-shore wind turbines (also know as land banking). There are parcels available in each of our major ports that could be used for this purpose. The state's economy could benefit in the same way that Gulf coast benefits form servicing the offshore oil industry.
2. The state should support the creation of an industry-led Maine Wind Industry Initiative that would help Maine's business compete in what will be a highly competitive business dominated by large multi-national corporations.
3. Applicable tax laws should be amended so as not to discourage the use of Maine terminals and facilities in favor of those in neighboring states or Canada.