

# United States Senate

WASHINGTON, DC 20510

May 9, 2023

The Honorable Janet Yellen  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Yellen,

I am writing on behalf of wind tower manufacturers and workers in my state regarding the U.S. Department of the Treasury's forthcoming guidance and implementation of the domestic content incentives and advanced manufacturing production (AMP) credits found in the Inflation Reduction Act (IRA). I strongly encourage the Department to implement these provisions in a manner that ensures domestic producers receive the benefits intended by the IRA. Specifically, the Department should only grant AMP credits and domestic content bonus credits for wind towers in which all domestically available sections of the tower were produced in the United States. Failure to do so may result in foreign wind tower producers receiving benefits intended for U.S. producers.

Reliable domestic wind tower production is critical to the United States' clean energy future, and onshore demand can be met with domestic manufacturing of wind towers. A wind tower supports the electricity-generating components (*i.e.*, the nacelle and blades) of a wind turbine and contributes to most of the weight. Wind towers are produced by cutting, rolling, and welding heavy steel plates into tubular shapes. When towers are produced by U.S. manufacturers, these steel plates are almost always sourced from U.S. steelmakers. Each complete tower consists of multiple sections that are assembled at the final installation site. This production activity supports hundreds of manufacturing and related jobs in several U.S. states, including my state of New Mexico. Together, these domestic wind-tower manufacturers are able to produce towers contributing to over 10 GW of annual wind capacity, enough for current annual onshore wind projects.<sup>1</sup>

The IRA provides AMP tax credits for producers of domestic wind energy components, including wind towers. U.S.-based producers manufacture all sections of a complete tower in the United States. However, foreign tower producers with U.S. facilities often combine U.S.-made and foreign-made sections in the same towers. The mixing of U.S. and foreign sections allows the foreign company to supplement U.S. towers with foreign tower sections, many of which have been found to be unfairly dumped and subsidized in violation of U.S. trade laws.<sup>2,3,4,5</sup> In addition, the available AMP tax credit for wind towers is based on the total rated capacity of the wind

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<sup>1</sup> U.S. Department of Energy, Wind Energy Supply Chain Deep Dive Assessment (2021)

<sup>2</sup> Utility Scale Wind Towers from the People's Republic of China, 78 Fed. Reg. 11,146 (Dep't Commerce Feb. 15, 2013) (antidumping duty order)

<sup>3</sup> Utility Scale Wind Towers from Canada, Indonesia, the Republic of Korea, and the Socialist Republic of Vietnam, 85 Fed. Reg. 52,546 (Dep't Commerce Aug. 26, 2020) (antidumping duty orders)

<sup>4</sup> Utility Scale Wind Towers from Spain, 86 Fed. Reg. 45,707 (Dep't Commerce Aug. 16, 2021) (antidumping duty order)

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turbine. As such, AMP tax credits should only be available to U.S. tower manufacturers who produce the entire tower in the United States.

The U.S. wind towers industry has already faced significant unfair competition from foreign producers. Since 2011, domestic producers have sought trade relief against imports from eight countries: China, Vietnam, Korea, Indonesia, Spain, Malaysia, India and Canada. Many of these towers were made using steel plate from China, which the Department of Commerce has also found to be dumped and subsidized.<sup>6,7</sup> As a result of these unfairly traded imports, the number of U.S. wind tower manufacturers has dwindled over the past decade. Awarding production credits to towers partially manufactured in foreign countries would allow benefits to leak abroad and threaten the U.S. manufacturing industry's recovery, contrary to the intention of the IRA.

Finally, because wind towers are primarily composed of steel plate, I urge your department to implement the IRA's domestic content incentives in a manner that spurs domestic manufacturing in clean energy sectors like wind towers. In order to qualify for the domestic content "bonus" credit, wind-energy facilities must incorporate fully U.S.-made towers produced from steel that was melted and poured in the United States, consistent with Buy America Requirements (49 CFR 661) referenced in the IRA and making due allowances for waivers where products like steel flanges may be unavailable.

Thank you for your attention to this important matter.

Sincerely,



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Martin Heinrich  
United States Senator

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<sup>5</sup> Utility Scale Wind Towers from India and Malaysia, 86 Fed. Reg. 69,014 (Dep't Commerce Dec. 6, 2021) (antidumping duty orders)

<sup>6</sup> Certain Carbon and Alloy Steel Cut-to-Length Plate From the People's Republic of China, 82 Fed. Reg. 14,349 (Dep't Commerce Mar. 20, 2017) (antidumping duty order)

<sup>7</sup> Certain Carbon and Alloy Steel Cut-to-Length Plate from the People's Republic of China, 82 Fed. Reg. 14,346 (Dep't Commerce Mar. 20, 2017) (countervailing duty order)