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DRAFT: Renewable Energy Manufacturing Incentive – the “Green Jobs Program”

## Overview

There are a number of key incentive programs for renewable energy that target the demand side for renewable technologies. We are proposing a manufacturing incentive program in order to insure that these renewable energy products, such as wind turbines, are manufactured in the U.S., thereby fulfilling the promise of creating millions of green jobs in the U.S.

## Incentive Program Outline

This program would provide forgivable loans to various companies that commit to create a certain number of U.S. manufacturing jobs. After the jobs have been created, the loan to the company would be forgiven.

The Federal government would provide block grants to various states. Economic development departments within those states would then administer the loans.

An example of how this might work is as follows:

A component manufacturer commits to hiring 500 employees over a three-year period. A disbursement of \$5,000 per job would provide a federal loan amount of \$2.5 million. States or communities could match the Federal amount for an even greater impact.

The forgivable loans should be unsecured and subordinated in order to maintain the company's access to other debt sources.

The loan amounts could be limited to a certain percentage of the equity investment made by the company to ensure that the company has made an adequate commitment to the project.

As opposed to manufacturing tax credits, which provide value over time, this forgivable loan program would make a difference in the decision making in many corporate board rooms, since it would reduce the amount of capital required at the front end of the renewable energy project and have a significant impact on the return on investment of these projects.

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