

South Carolina Opportunities for Offshore Wind Businesses

A. The Advantages of South Carolina

South Carolina's pro-business environment, low-cost electricity rates, integrated transportation system, and strong workforce with limited unionization rates make South Carolina an ideal place to relocate or expand a business. The state boasts one of the lowest corporate tax rates (5%) in the nation and helps businesses maintain low operating costs by offering no state property tax, no local income tax, no wholesale tax, no inventory tax, and no unitary tax on worldwide profits. Ohio does not have a sales tax on manufacturing equipment, industrial power, or materials for finished products. Customized incentives serve diverse company needs.

The state's infrastructure connects South Carolina to global and national markets. South Carolina Ports Authority operates the Port of Charleston, one of the busiest container ports along the southeast and Gulf coasts, and the Port of Georgetown. The Port of Charleston has been recognized as one of the most productive ports in the southeast.¹ The deep water ports are equipped to handle overweight and oversized cargo, and various terminals offer extensive container yards, on-terminal rail yards, dock-side cranes, and heavy lift equipment. South Carolina's rail system spans nearly 2,300 miles, moving upward of 90 million tons of freight through the state each year.

The state has over 1,200 international firms that employ 7% of the state's private industry workforce.

B. Government Policies Pertaining to Offshore Wind Power

The 2008 South Carolina Legislature created the Wind Energy Production Farms Feasibility Study Committee to study and make recommendations on the feasibility of wind farms in the state, and the potential economic and environmental impacts of such development. In 2009, the Committee released 18 recommendations to promote opportunities for future wind energy generation, including recommendations focused on offshore wind generation and on the growth of a turbine manufacturing and construction industry.² In addition, with US Department of Energy (DOE) funding in 2008, a Regulatory Task Force for Coastal Clean Energy was established to produce a roadmap to coastal clean energy generation. The DOE funding also

¹ South Carolina Department of Commerce, <http://sccommerce.com/sc-advantage/infrastructure/deep-water-seaports>

² See South Carolina's Role in Offshore Wind Energy Development report, <http://energy.sc.gov/publications/Wind%20Energy%20Production%20Farms%20Feasibility%20Study%20Committee%20Final%20Report%2012-09%20%282%29.pdf>

enabled South Carolina's Energy Office to produce a series of wind studies and study the state's transmission system and its capacity to absorb offshore wind energy.³

In 2009, DOE made South Carolina the home of a one-of-a-kind, state of the art, large offshore wind turbine drivetrain testing facility. This facility has the capability to accelerate the development of new technology to reduce the cost of energy delivered. This testing facility will provide high-value, high-quality, and cost-competitive testing services to the global industry. The facility is strategically located adjacent to existing rail and ship-handling infrastructure and will be capable of full-scale, highly accelerated testing of advanced drivetrain systems for wind turbines in the 5 megawatt to 15 megawatt range, with a 30% overload capacity. See www.clemsonenergy.com.

Recently, the US Bureau of Ocean Energy Management (BOEM) established a South Carolina Renewable Energy Task Force to facilitate intergovernmental communications amongst federal, state, local, and tribal governments. The first in-person meeting of the Task Force occurred in March 2012 and included an overview of BOEM's leasing process, vessel traffic analysis, and South Carolina's offshore wind initiatives.

C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind

South Carolina offers performance-based tax incentives and other pro-business policies. To find out about these incentives and policies, the South Carolina Department of Commerce recommends reading its January 2012 publication on *Business Incentives*, which is available at http://sccommerce.com/sites/default/files/document_directory/business_incentives_2012_without_readysc.pdf.

³ <http://www.energy.sc.gov/index.aspx?m=6&t=85&h=904>