

April 14, 2013

Energy Tax Reform Working Group
House Ways and Means Committee
U.S. House of Representatives
The Capitol
Washington, DC

Honorable representatives and fellow citizens,

Advocates for Prattsburgh (AFP) is a non-profit citizens advocacy group located in the Town of Prattsburgh, Steuben County in the State of New York. One area of concern for AFP is the inappropriate siting of wind turbines in federally-subsidized wind projects. It is our position that the federal production tax credit (PTC) for wind projects should be repealed. The Production Tax Credit contributes, with other federal supports for wind projects, to a massive market distortion that creates a cascade of unintended negative economic and social impacts.

- The PTC encourages speculative investment in what would otherwise be unprofitable enterprises at taxpayer expense, crowding out more productive, job-creating uses for private sector capital investment.
- These government incentives encourage poor turbine siting in areas where, due to insufficient wind resource, these wind farms would otherwise be unprofitable. PTC-fueled inappropriate project siting creates a permanent need for federal subsidy in order to avoid politically-embarrassing project abandonment.
- Once maintenance costs rise, even taxpayer handouts can't maintain the financial viability of poorly-sited wind projects, as shown by over 10,000 abandoned wind towers in the United States.
- With the PTC incentives, otherwise non-viable wind farms can be more accurately called "tax farms", these turbines functioning as wind-powered ATMs dispensing taxpayer cash to the foreign-controlled LLCs and energy companies that own these projects.
- If the PTC is removed, normal market and economic pressures will force more appropriate project management practices. With the PTC in place, wind projects as currently conceived will be an increasing burden on current taxpayers, and through funding PTCs with greater federal debt, on our children and grandchildren.
- Wind projects provide extremely poor "bang for the buck" to address climate change compared with other solutions, such as increased energy efficiency and switching coal-fired power plants to natural gas.

- Fueled by PTC distortions, wind power is dramatically more expensive than fossil-fuel and hydro-power electrical generation, driving up electric rates. These higher electricity costs have a negative impact on manufacturer competitiveness and pose an undue financial burden on all ratepayers.
- PTC-fueled higher electricity rates have a disproportionate impact on the poor, serving as an indirect form of regressive taxation on those least able to shoulder this added burden.
- To make matters worse, the “green credits” wind projects earn are sold to aging fossil fuel power facilities, enabling them to avoid modernizing their plants and reducing air pollution. Compounding the cynicism, electrical utilities pitch their ratepayers to pay a premium for “green energy”, splitting the additional profits with the wind project owners.
- Incentivizing wind projects is *a net job killer*. For example, a study in Spain showed that four jobs were lost for every one created.
- The US is running colossal deficits and even though the American dollar is the world’s reserve currency, printing and borrowing even more money to support schemes like the Production Tax Credit places our economy at increasingly higher risk.
- Finally, the PTC should be abandoned because, like all government efforts to “pick winners and designate losers” in the marketplace, it is fundamentally *wrong*.

Advocates for Prattsburgh strongly urges you and your colleagues in the House of Representatives to revoke the Production Tax Credit for wind projects. The damage needs to stop now, before it becomes out of control. Eliminating the PTC would be a clear positive action, and would serve to enable and encourage more cost-effective, market-driven and job-creating energy production and pollution control solutions. *Please kill the PTC now.*

Sincerely,

John Servo
President
Advocates for Prattsburgh

[REDACTED]

Personal address

[REDACTED]