

April 14, 2013

Representative Kevin Brady, Chair and Representative Mike Thompson, Vice Chair

I am writing to urge you to allow the wind Production Tax Credit (PTC) to expire at the end of 2013 under current law and not to again include an extension of the PTC in a package of tax extenders should the House consider one later this year.

The Obama Administration has poured billions of dollars into subsidizing its favored "green energy" sources. The Solyndra scandal and the administration's squandering of \$535 million in taxpayer dollars is a clear example of this agenda. Under this administration, federal subsidies for wind have grown from \$476 million per year when the President took office to \$4.98 billion per year today. However, wind remains an intermittent resource; the wind does not blow all the time, and wind farms do not produce power constantly the way traditional power plants do.

The wind energy production tax credit was established by the Energy Policy Act of 1992 and provides wind energy producers a 2.2 cent subsidy for every kilowatt hour of electricity produced. The subsidy attaches to a wind farm when it is built and continues for its first ten years of operation. A one-year extension of the PTC would cost American taxpayers over \$12 billion.

Even if the PTC expires, a wind farm built in 2013 will continue to receive subsidies until 2023 and, as a consequence, the bipartisan Joint Committee on Taxation estimates that will add \$6.8 billion to the deficit between 2011 and 2015. Today, when the U.S. is more than \$16 trillion in debt and borrowing \$0.40 of every dollar it spends, we cannot afford to borrow money to subsidize the operations of a politically preferred technology.

In the case of wind, doing so would not only be costly to taxpayers but ultimately would hurt consumers by distorting energy markets. Since the PTC provides a tax benefit for new projects, it often drives wind developers to build projects with little regard to consumer demand, as long as they can be placed on line and their power brought to market to collect the subsidy. In fact, because the tax subsidy is tied to the amount of electricity generated, wind producers will sometimes sell their electricity for nothing or even pay wholesale electricity markets to take their power in order to collect the tax subsidy. This subsidized and intermittent power distorts markets and threatens around-the-clock base load power producers, forcing them to pay as well or shut down for long periods of the day when their power is needed most. This will ultimately harm consumers who need power that is affordable and available around the clock.

It is time for the federal government to stop picking winners and losers in the energy marketplace. Twenty one years of subsidizing wind is more than enough especially considering that the federal funds are coming from multiple sources. Commonly known as double dipping and at the same time America is going broke. Our nation can simply no longer afford to pick winners and losers in the energy marketplace. The PTC should expire at the end of the year under current law.

Wind is a net job loser and the majority of the federal subsidies for wind continue to go overseas. Thank you for your consideration and do the right thing for America.