May 10, 2012

The Honorable Dave Camp  
Chairman  
House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Sander M. Levin  
Ranking Member  
House Committee on Ways and Means  
1139E Longworth House Office Building  
Washington, DC 20515

I, Ken Valley and President of WPF, has been actively involved in the wind industry since 2001. Due to the ITC and ITC 1603 (combined as ITC) that was put in place in 2009, the distributed wind generation industry has grown substantially over the past couple of years and is often able to compete with larger projects.

Now with the possible expiration of the ITC programs and no replacement mechanism in place, the distributed generation is about to die completely, especially in the 100kw - 10 MW sized projects. The only way to stabilize the industry is to pass a long term ITC program. The ITC is needed since the PTC does not work for smaller projects. When projects get above 10 MW’s, then the PTC can more likely be used.

The advent of the ITC and especially the 1603 Cash Grant has made a substantial economic difference. Projects finally are able to bring in investors to finance the millions of dollars needed for each project. Local investors help drive localized employment and economic benefits. The millions of dollars invested in the local community create more localized labor and retail jobs. The projects themselves create income for landowners, and property tax revenue for the community and schools in excess of 20 - 40 years. The pre-development costs create local jobs which can be several years before projects qualify for the ITC. Unfortunately because of the forthcoming expiration, and the difficulties working with local utilities, there is now very little new development happening in the distributed generation market. Thus it is imperative that the ITC for smaller projects get extended.

The improved efficiency of the wind turbines themselves has dramatically improved the turbine performance which has had a positive impact on distributed generation growth and cost effectiveness. This improvement is partially due to the ITC since provided a clearer path for the industry growth. The ITC extension will enable manufacturers to continue to make the needed investments to improve performance since they need to see a stable market to justify the investment expense. It is conceivable that with the ITC extension and continuing turbine efficiency improvements, and as Natural gas prices
increase in the near future, wind will be the low cost electricity provider without the use of tax credits, likely within five years.

The renewing of the ITC for renewable energy is also a matter of parity and fairness. The government subsidizes every form of energy in this country and to not provide renewable energy a portion of the same benefits is just plain wrong. All the industry is asking for are benefits that are somewhat close to what the oil and gas industry receive from their non-expiring tax credits, and which in turn also helps the environment. The other option is to discontinue the billions of dollars of benefits that oil and gas receive from the government which would make the playing field fair.

An example of activity is WPF is working with two Fortune 500 companies that have a sustainability requirement and are seriously looking at producing their own renewable energy electricity. We can provide electricity lower than their current electricity rates. But, the companies will not move these projects forward without a break-even return on their investment which can only happen with the ITC.

I appreciate your reading this letter and any assistance for the ITC extension. Feel free to call me if any questions.

Ken Valley
President
WindPartners Finance, LLC
900 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
612-371-2040