

## **Rep. Julie Fedorchak Opening Statement**

### **Ways and Means Committee**

**January 22, 2025**

#### **INTRODUCTION**

Good morning, Chair Smith, Ranking Member Neal, and distinguished members of the committee. Thank you for the opportunity to testify before you today.

It's a privilege to appear before this committee to highlight aspects of the tax code that threaten the reliability, affordability, and sustainability of the power grid that all American families and businesses rely upon for all daily functions and, quite literally, survival.

#### **CLEAN ELECTRICITY PRODUCTION TAX CREDIT**

I'm here today to discuss the Clean Electricity Production Tax Credit. This policy has been so effective in its 33 years that it's time to significantly amend it. The policy, as I will show you, is triggering a massive investment in new wind and solar resources that are having adverse impacts on the power grid and energy markets.

Enacted in 1992, this program initially sought to boost investment in wind energy by offering a per kilowatt-hour credit during a facility's first ten years online.

At the time, the U.S. had less than one and a half gigawatts of installed wind capacity. Today, that figure is up by nearly 10,000 percent.

Under the *Inflation Reduction Act* (IRA), the credit became technology-neutral, meaning all zero-emissions electricity generators are now eligible.

The IRA also made the Clean Electricity Production Tax Credit transferable, meaning utilities can sell their tax credits to financial institutions.

We are already seeing that this transferable credit is a major catalyst for renewable energy development and has already created a sizable secondary market. By 2030, industry analysts expect there to be \$100 billion in tradable credits available.

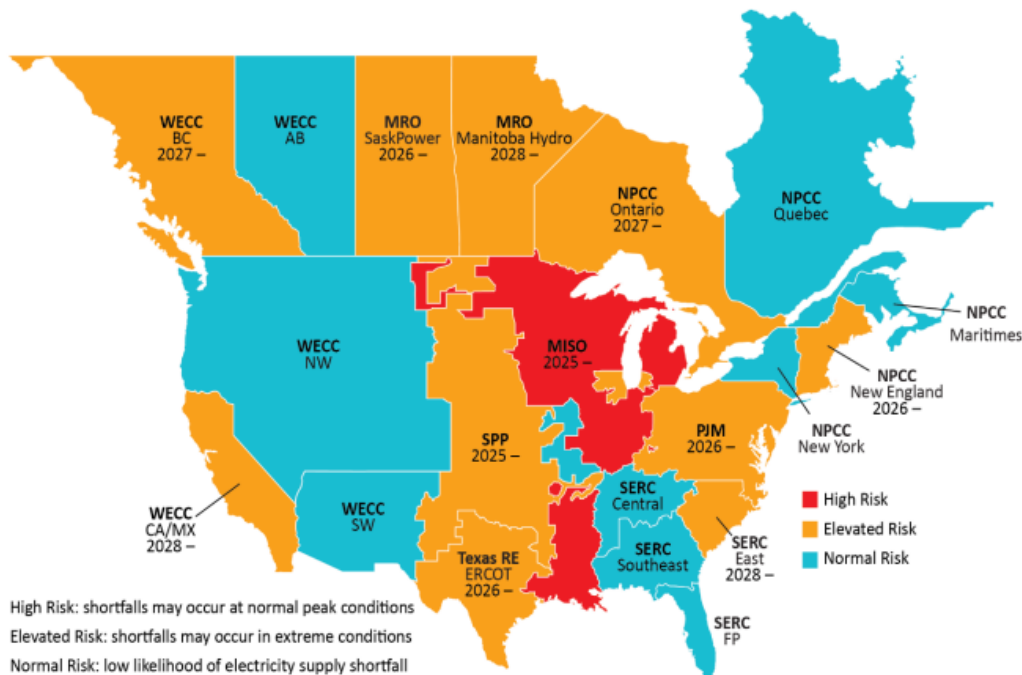
*As the secondary market continues to grow, renewables will continue to generate more credits and more electricity... but the benefits to families will be negligible.*

*Let me tell you why.*

## THREATS TO GRID RELIABILITY

While the growth of these renewable energy resources is the policy of many states, most Americans, especially lawmakers, don't realize the threat this rapid expansion is having on the reliability and affordability of our electric grid.

NERC, the North American Electric Reliability Corporation, in their 2024 Long Term Reliability Assessment, reports that up to 2/3 of our nation is at elevated risk of having insufficient generating resources to meet demand for electricity.



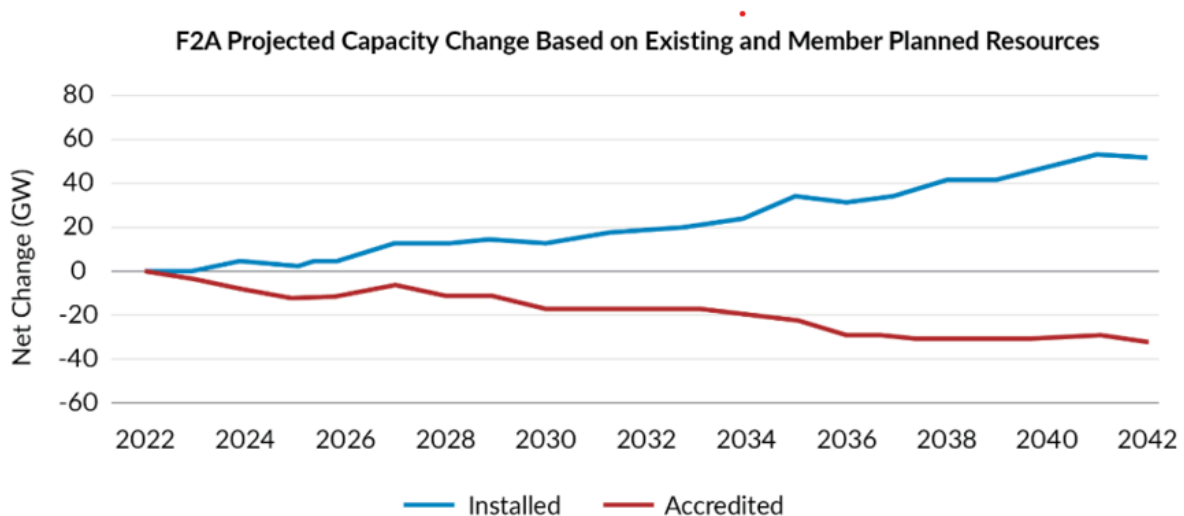
**Figure 1: Risk Area Summary 2025–2029**

### ***Regional Assessments Dashboards***

The [Regional Assessments Dashboards](#) section contains dashboards and summaries for each of the 20 assessment areas, developed from data and narrative information collected by NERC from the six Regional Entities. Probabilistic Assessments (ProbA) are presented that identify energy risk periods and describe the contributing demand and resource factors.

I want to share specific information from some regions that are near and dear to your hearts.

For the last 12 years I was a utility regulator in North Dakota. In this role, I was a liaison from my state to the MISO power grid operator for 8 years. I spent absurd amounts of time studying these issues and advocating for market rules and changes that support reliability and affordability in our power sector.

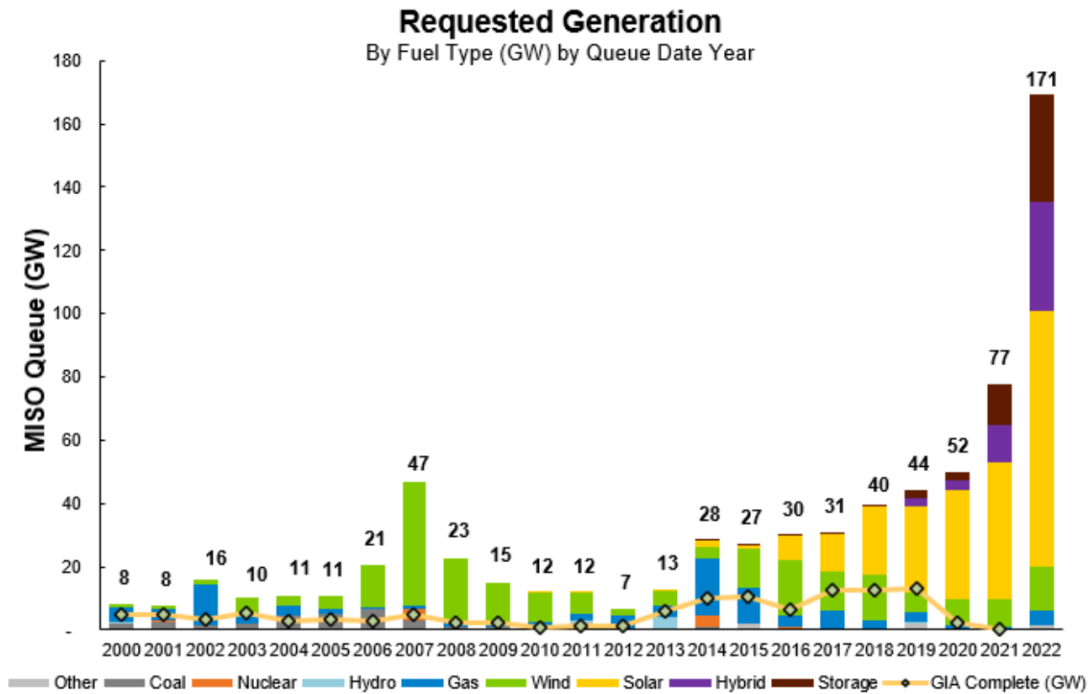


MISO serves 15 states including North Dakota and Missouri and faces increasing grid reliability risks from one simple thing: installed capacity is increasing, and accredited capacity is decreasing. In laymen's terms that means the stuff you can turn on when you need it is being replaced with stuff that works only when the weather cooperates.

We are in danger of building a weather-dependent energy grid.

Why is this happening? Because the federal government is providing a very generous and expensive tax incentive to encourage it.

# MISO Queue: Historical Trend



Look at the interconnection queue in MISO. That illustrates just how appealing these tax incentives are. Remember the previous chart from NERC showing MISO at the highest reliability risk within the U.S.? That tells us that what MISO needs is dispatchable resources, but the generation that's in line is largely non-dispatchable.

Let me be clear: I am not against renewables. I believe they have a valid role to play in our energy future. But wind and solar technologies have improved so much that these tax incentives aren't needed anymore.

California, which is pursuing 100% renewable electricity by 2045, has become a cautionary tale.

Increased renewable capacity has led to oversupply, skyrocketing prices, and persistent brownouts and blackouts—50,000 between 2017 and 2019 alone.

Californians now pay more than twice the national average for electricity... the highest price in the contiguous U.S.

ISO New England mirrors these vulnerabilities. Over the past decade, it retired 7,000 megawatts of dispatchable generation while adding 8,000 megawatts of wind and solar.

States like Maine and Vermont face some of the worst reliability challenges, while New Englanders pay nearly double the U.S. average for electricity. Rhode Island, ignoring past natural gas shortages that left 7,000 residents without power, is doubling down with 100% renewable electricity generation by 2030.

## **THE SOLUTION**

We have the opportunity to do something about it.

The Clean Electricity Production Tax Credit, which was intended to be temporary for emerging technologies, has become a misaligned market incentive.

Without it, renewables would still be competitive.

Since 2010, the costs of both onshore wind and solar have fallen by 66 percent and 79 percent, respectively.

Onshore wind project lifetimes increased by five years over the same period, allowing more capital costs to be recovered.

And wind facilities continue to become more efficient. The average wind capacity factor grew from 31 percent in 2004 to 40 percent in 2021. In my state, capacity factors reach 50 percent and higher.

Instead of allowing renewables to compete on these merits, the Clean Electricity Production Tax Credit incentivizes investment in renewables at an unsustainable pace, inflates Americans' utility bills, perpetuates dependence on federal subsidies, adds to our growing debt, and jeopardizes reliability.

This means less reliable and affordable energy for Americans. No energy solution is sustainable unless it is first both affordable and reliable.

My staff is currently developing a menu of legislative options to address the outdated incentive structure of this program.

I look forward to collaborating with my colleagues on the Ways and Means Committee to pursue reforms that preserve the integrity of our grid.

Thank you.