



December 12, 2012

Dear Members of Congress:

We write to urge your opposition to extending the wind Production Tax Credit (PTC). Created in 1992 by the Energy Policy Act, the PTC has far outlived its usefulness. Moreover, as a member of Congress serving a state that does not have a renewable energy mandate, you should be aware that the PTC essentially transfers taxpayer dollars from your constituents and subsidizes the states with such mandates. Renewable energy mandates force utilities to buy politically-favored forms of energy such as wind, while your state has wisely chosen to allow the most abundant and affordable forms of energy to be purchased by consumers and industries.

The wind PTC provides a tax credit of 2.2 cents per kilowatt-hour, and lasts for ten years for anyone receiving it. With the wholesale price of electricity frequently ranging from 2.5 to 4.5 cents per kilowatt-hour, the PTC is worth a large percentage of the total price. This makes the wind industry one of the most heavily subsidized forms of energy. In 2010, federal subsidies paid \$56 for every megawatt hour of wind energy compared to \$0.64 for coal and natural gas electricity.

Despite having this generous subsidy for two decades, wind only produces 3 percent of America's electricity. This corporate dependence on federal subsidies not only harms the taxpayers who finance the PTC, it also creates an improper incentive for wind companies to focus on obtaining lucrative subsidies rather than long-term sustainability and competitiveness. It is time the wind energy industry stood on its own and continued funding by the federal government will only hurt cost-effective energy sources as well as American taxpayers.

Lastly, for the twenty-one states that do not have a renewable energy mandate in place—states like your own—the stakes are much higher. Under the structure of the PTC, the bulk of the tax credits flow to those states that have the most wind generation capacity and those happen to be states with an RPS. This is because the PTC helps to disguise the true cost of the mandate. Extending the wind PTC ensures

that your constituents will continue to subsidize wind power in other states that have made political decisions to force consumers to buy more expensive and less reliable forms of energy—like wind.

Reliable, affordable, and ‘always on’ electricity is critical to get our economy back on track. The wind PTC promotes unreliable and expensive energy to the detriment of dependable and cost-effective forms of electricity generation. By taking a principled stand against the PTC, you help taxpayers in your own state and ensure more cost-effective electricity generation overall. We urge you to allow this wasteful subsidy to expire, as planned, at the end of the year.

Sincerely,

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American Energy Alliance

Myron Ebell
President
Freedom Action

Michael Needham
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