Why the wind PTC should remain expired

<u>High Cost</u> - Since being adopted in 1992, the cost of the PTC for wind energy has ballooned from roughly $5 million a year in 1998 to $1.5 billion annually today. This open-ended subsidy of 2.3¢/kWh in after-tax income represents a pre-tax value of approximately 3.5¢/kWh. ***In many regions of the country the PTC now equals, or is greater than, the wholesale price of power.***

The wind PTC expired at the end of 2013, but taxpayers are still obligated to cover billions in new tax credits for wind projects that are not yet placed in service. This is in addition to the tens of billions in PTCs to cover operating projects built in the last ten years and the nearly $20 billion debt for wind projects awarded Section 1603 cash grants.

<u>Wind is a mature industry; No need for a phase-out of the PTC</u> - The industry is no longer an infant industry, but a mature one. By the end of 2013, 62,000 MW of wind were operating in the U.S. By significantly relaxing the rules for qualifying for the PTC, the IRS has effectively granted the industry its requested ***multi-year phase-out of the credit.*** There is no need for further extensions. IRS rules permit wind projects placed in-service long ***after the PTC has expired to earn the credit.***

<u>Wind sector slow-down not tied to the PTC</u> - The wind industry insists it's at risk of a slow-down without the PTC and jobs will be lost. But this view ignores crucial factors driving development in the U.S. Demand for wind has eroded, in part, due to states meeting their renewable mandates. Lower natural gas prices have further reduced wind's attractiveness as a 'fuel saver'. Faced with these market conditions, wind developers are tabling projects. ***The EIA now forecasts that after an uptick in wind development due to the last PTC extension, there will be flat growth in the wind sector for the next ten years.***

<u>The PTC is skewing energy markets</u> - Wind energy demands significant revenue streams from sources outside of the energy market (i.e. the PTC and RECs), enabling project owners to undercut competition in wholesale markets by artificially driving down the price of energy. This predatory pricing, which harms the economics of our reliable generators, is directly tied to government subsidies. There is no justification for a government program that harms otherwise healthy, competitive businesses.

<u>Inefficient</u> - Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited wind development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind generation exceeds transmission capacity. In New England the PTC overpays investors since utilities routinely sign long-term contracts for wind at prices significantly above market.