

Congress of the United States
House of Representatives
Washington, DC 20515-1604

September 21, 2012

The Honorable John Boehner
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

Dear Speaker Boehner:

We are writing to urge you to allow the wind Production Tax Credit (PTC) to expire at the end of 2012 under current law and not to 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 2012 will continue to receive subsidies until 2022 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 \$15 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 baseload 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.

We believe that the Solyndra scandal has demonstrated that it is time for the federal government to stop picking winners and losers in the energy marketplace. Twenty years of subsidizing wind is more than enough. 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.

Sincerely,

Mark R. Pompeo

Joe Barton

Jim Culberson

Mike Simpson

Lyne A. Ullrich

John Kline

Pat Bonner

Jeff Flake

Ed Whitfield

Chris Coons

Jeff Miller

Kent Hanks

Ben Lujan

Joe Wilson

Mal St

Bill B. P.

Alan Tunnah

Steve Chaffee

John M.

John R. Carter

Joseph Pitts

J. M. Clark

Fae Webb

Eric F. W.

John Lambert

Tom Graves

Mark Palmer

Steve

J. G. W.

Kenly Hester

Steve Sealise

Doug Lamborn

Raul C Brown

Robert Hamm

Samuel B. M'Neil

Marsha Blackburn

Megh Find

Ecl Royce

Dana P. Ross

Raul R. Sabradon

Pete Olson

Brett Guthrie

Alamy

Vicky Hartzler

Jim Jordan

John Fanning

Eandy Adams

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Joe Barton (TX-06)
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