Congress of the United States
Washington, DC 20515

July 29, 2014

The Honorable John Boehner
Speaker of the House
H-232 The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
House Majority Leader-Elect
H-239 The Capitol
Washington, DC 20515

Dear Speaker Boehner and Majority Leader-Elect McCarthy:

We offer our full support of the current process undertaken by the House Committee on Ways and Means that will allow the most anti-competitive and economically harmful tax provisions, specifically the wind energy production tax credit (PTC), to expire.

Extending the wind PTC is a key priority for the Obama Administration and its efforts to prop up wind and other favored "green energy" technologies. Under President Obama, federal subsidies for wind have grown from $476 million per year when he first took office to $4.98 billion per year today. According to the Joint Committee on Taxation, a one-year extension of the wind PTC would cost American taxpayers over $13.35 billion. Proponents of the wind PTC continue to call for an extension despite growing evidence that this subsidy has not only cost taxpayers billions, but has caused significant price distortions in wholesale electricity markets.

The U.S. Department of the Treasury (Treasury) has expanded the value of the Wind PTC over the years so that today it is worth 2.3 cents per kilowatt hour produced. The Senate-passed tax extenders package included an extension of the PTC which was inserted into the American Taxpayer Relief Act of 2012. Treasury has interpreted the Senate modification expansively and issued guidance that if a wind project developer merely places a 5% deposit on a project initiated in 2013, it will have at least until 2015 and possibly 2016 to place the project in service and obtain the PTC. This means that a wind project that "begins construction" in 2013 could receive subsidies until 2026.

By ending this program now we will have given the wind industry a more than generous phase-out for a credit that is being awarded to a mature technology with over 61,100 megawatts of generation installed across the country and 13,400 megawatts under development in 21 states. According to the U.S. Department of Energy, over 43% of all electric generation nameplate capacity additions in 2012 were from wind, overtaking natural-gas fired generation as the leading source of new power generation. This increase in wind development is occurring despite flat demand for power leading to a strain on the electric grid and threatening reliability due to the dramatic increase in an intermittent power resource as a share of the market.

Growth in wind energy is not driven by market demand, but instead by a combination of state mandates and a federal tax credit that is now more valuable than the actual market price of the electricity these plants generate. According to recent articles and reports, these very same market distortions that are driving wind energy expansion have also led to higher electricity costs for American families. In a May 4th Wall Street Journal article Warren Buffett went as far as to state that "on wind energy, we get a tax credit if we build a lot of wind farms. That's the only reason to build them. They don't make sense without the tax credit."

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Ensuring that our nation's patchwork tax code undergoes significant reform is a noble goal and, as part of this process, we believe Congress should stop picking winners and losers and finally end the wind PTC. We applaud Chairman Camp's leadership on this important issue and urge you to stand firm with him in opposition to extending this provision and allow the wind energy to compete on its own.

Sincerely,

Mike Pompeo
MEMBER OF CONGRESS

Marsha Blackburn
MEMBER OF CONGRESS

Robert Aderholt
MEMBER OF CONGRESS

Jim Bridenstine
MEMBER OF CONGRESS

Andy Barr
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Mo Brooks
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Ed Whitfield
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Joe Wilson
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CC: The Honorable Dave Camp
Chairman
House Committee on Ways and Means