

# WIND ENERGY PRODUCTION TAX CREDIT (PTC)



## Support a Full-Value, Long-Term Extension of the PTC

**Description:** An income tax credit of 2.0 cents/kilowatt-hour is allowed for the production of electricity from qualified wind energy facilities and other sources of renewable energy. The tax credit was created under the Energy Policy Act of 1992. The credit applies to electricity produced by a qualified wind facility placed in service between January 1, 1993, and December 31, 2008, and is adjusted annually for inflation. It applies for the first 10 years of production. The tax credit is useful only for utility-scale wind turbines, not smaller turbines used to power individual homes or businesses.

## Support an immediate full-value, long-term extension of the PTC.

### Status:

- **2007** – The PTC deadline remained at December 31, 2008, when Congress was unable to pass a package of energy tax incentives – including a PTC extension—as part of broad-ranging energy policy legislation.
- **2008** – The industry is already experiencing a slow-down which threatens 76,000 jobs and \$11.5 billion in economic investments by the end of 2009.
- **December 31, 2008** - The PTC is scheduled to expire on this date.

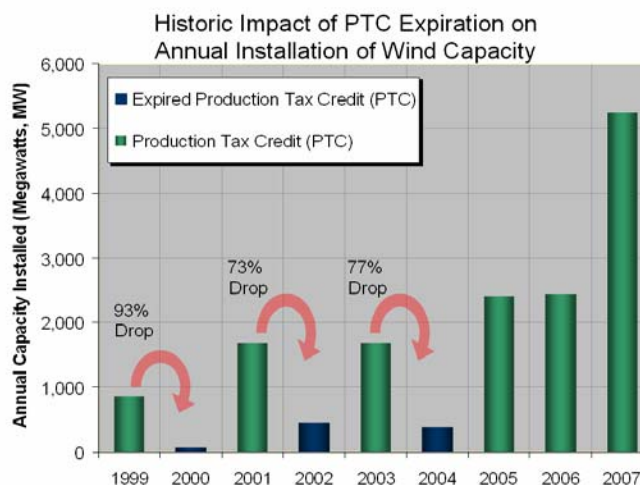
### Why a full-value, long-term extension is critical:

- The wind industry seeks a 5-year extension of the tax credit at full value to ensure certainty and stability. While the industry was fortunate to gain short-term extensions in the past, these shorter time periods create uncertainty and a “**boom-and-bust**” cycle of short-term planning, near annual job layoffs and higher cost projects. Without a long-term policy, manufacturers are discouraged from investing in and expanding manufacturing facilities in the U.S.
- At least six to eight months before the tax credit expires, financial lenders hesitate in providing capital for wind projects because of the uncertainty created by the impending expiration of the credit.
- As the PTC nears expiration, developers rush to complete projects before the deadline, leading to smaller projects and added costs, which result in higher electricity prices.

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# WIND ENERGY PRODUCTION TAX CREDIT (PTC) *Continued*

## Wind energy delivers REAL ECONOMIC BENEFITS

- In 2007, new tower, blade, turbine and assembly plants opened in Illinois, Iowa, South Dakota, Texas and Wisconsin. In the same year, seven other facilities were announced in Arkansas, Colorado, Iowa, North Carolina, New York, and Oklahoma. Altogether, the new and announced facilities are expected to create some 6,000 jobs. Investment in manufacturing capability signals confidence in the market and lays the groundwork for expanded growth.
- New York's 322-MW Maple Ridge Wind Farm, which began operating in September 2006, provides \$8 million annually in local property tax revenue, pays landowners \$1.65 million each year in lease payments, and created 163 new local long-term jobs.
- In Washington State, 1,000 MW of installed wind capacity is estimated to create 2,650 new local jobs during construction, an additional 400 new local long-term jobs during the operational years of the wind farms, and a \$1.1 billion total economic benefit over the lifetime of the wind projects.
- One large (108-turbine, 162-MW) project in rural Prowers County, Colorado, increased the county's tax base by 29%, adding annual payments of about \$917,000 to the general school fund, \$203,000 to the school bond fund, \$189,000 to a county medical center, and \$764,000 in new county revenues, as well as 15-20 permanent and well-paying full-time jobs at the wind farm.<sup>1</sup>
- In 2007, an analysis from global energy consulting firm Wood Mackenzie found that providing 15% electricity from renewable energy resources by 2020 [through a Federal renewable electric standard] could lower consumer expenditures by nearly \$100 billion, reducing both natural gas prices and electricity prices.<sup>2</sup>

## Wind energy offers REAL ENVIRONMENTAL BENEFITS

Wind energy offsets other, more polluting sources of energy. That is important because electricity generation is the largest industrial source of air pollution in the U.S. When wind projects generate electricity, fuel at other power plants is not consumed.

- To generate the same amount of electricity as today's U.S. wind turbine fleet (16,818 MW) would require burning 23 million tons of coal (a line of 10-ton trucks over 9,000 miles long) or 75 million barrels of oil *each year*
- In 2007, the clean generation provided by wind prevented the emissions of approximately 28 million tons of carbon dioxide. A 2007 report estimates that wind power alone could lower emissions by 150 million tons of carbon dioxide in the year 2020, avoiding nearly 33% of expected emission increases in the electric sector.<sup>3</sup>
- Wind power requires no mining, drilling, transportation of fuel, or water usage, and does not generate radioactive or other hazardous or polluting waste.
- Emissions from the manufacture and installation of wind turbines are negligible. The "energy payback time" (a measure of how long a power plant must operate to generate the amount of electricity required for its manufacture and construction) of a wind project is 3 to 8 months, depending on the wind speed at the site – one of the shortest of any generation technology.
- A study by the Midwest Independent System Operator (ISO) showed that 16,000 MW of additional wind capacity would avoid 43 million tons of CO<sub>2</sub>, or approximately 1,300 pounds of CO<sub>2</sub> for every megawatt-hour of wind generation.<sup>4</sup>

<sup>1</sup> *From Snack Bars to Rebar: How Project Development Boosted Local Businesses Up and Down the Wind Energy 'Supply Chain' in Lamar, Colorado*, (March 2004) Craig Cox, Interwest Energy Alliance.

<sup>2</sup> *The Impact of a Federal Renewable Portfolio Standard*, Wood Mackenzie (Feb 2007)

<sup>3</sup> *Tackling Climate Change in the U.S.*, American Solar Energy Society (Jan 2007) [http://www.ases.org/climatechange/climate\\_change.pdf](http://www.ases.org/climatechange/climate_change.pdf)

<sup>4</sup> *Transmission Expansion Plan, Vision Exploratory Study*, Midwest ISO (2006) <http://www.midwestiso.org/page/Expansion+Planning>