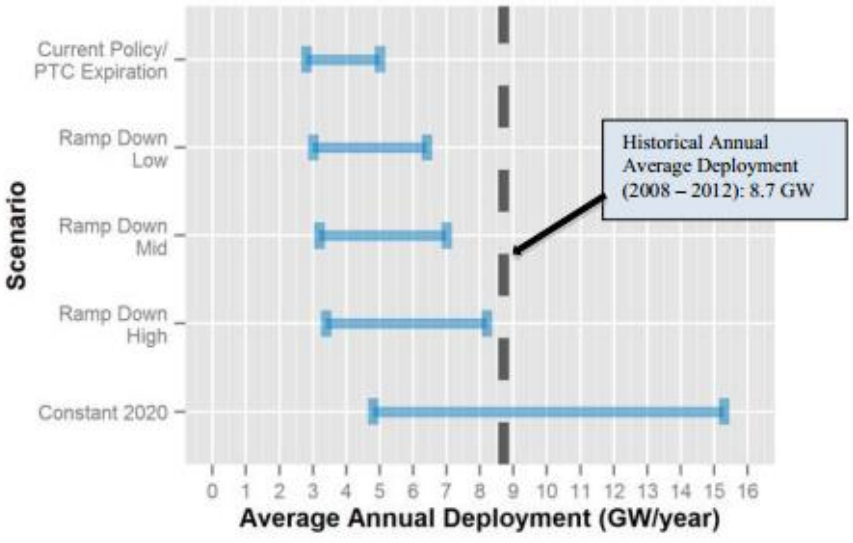
Production Tax Credit for Wind Energy

The Production Tax Credit (PTC) has been key to the American wind industry's success. As a result of this federal policy, wind energy has generated American jobs, increased domestic energy and lowered electricity prices.

With over 60,000 megawatts (MW) of wind energy in the United States, enough to power 15.5 million American homes, the wind industry has improved the economy while producing reliable, clean and domestic electricity to help meet growing energy demands. In 2012 wind energy was the number one installed source of new power capacity in the country. The PTC has greatly helped expand the wind industry by providing cost effective electricity to energy users. In order for the wind industry to continue to grow, stable and dependable federal policies must exist. Yet, the Production Tax Credit has recently experienced short-term lapses and unpredictable extensions. Congress allowed the tax credit to expire at the end of 2013, creating instability in the wind industry and placing thousands of American jobs at risk. The tax credit is in need of a long-term extension to protect American jobs and the wind industry. Congress should immediately renew the Production Tax Credit for wind energy and provide the policy stability already provided to so many other industries.



Expert analysis shows that extension of the PTC dramatically increases the amount of wind energy installed.

Credit: NREL April 2014. Projected average annual wind capacity deployed between 2013 and 2020 for various PTC scenarios.

How does the PTC work?

The Production Tax Credit (PTC) is a federal tax incentive that supports the development of clean energy infrastructure. Biomass, hydroelectric, geothermal, and tidal energy are just a few other the other renewable energy technologies that benefit from the PTC.

To support this American-made industry and make other sources of energy, President George H.W. Bush passed the Production Tax Credit in the early 1990s. Every president since then has renewed this tax credit in order to reduce the overall tax burden on the relatively new industry.

Wind farm operators receive a tax credit for each kilowatt-hour of energy generated (currently 2.3 cents per kilowatt-hour). The tax credit becomes available to wind developers once the wind farm produces electricity. The PTC keeps electricity prices low and provides installers with a cost effective incentive.

Contact your elected officials today and let them know that you support wind energy in the Southeast!!

For more information, contact Simon Mahan, Renewable Energy Manger, Southern Alliance for Clean Energy: simon@cleanenergy.org

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The PTC creates American jobs:

The wind industry has invested billions of dollars into the American economy and employs thousands of people across the country. According to the American Wind Energy Association (AWEA), the American wind industry provided 80,700 full-time jobs in 2012. Manufacturing plays a notably large role within the wind industry with over 550 facilities across 44 states. In 2012, the uncertainty of a PTC extension resulted in layoffs across the country. Thousands of jobs exist here in the Southeast specifically to serve the domestic and international wind industry. Without the PTC, there is no doubt these existing jobs in the United States will be negatively impacted.

The PTC drives private investment:

The jobs created by the PTC, as well as the new sources of revenue it generates, ensure the tax credit is an investment, not a hand out. While the PTC does take federal money to support initially, the credit pays for itself because it encourages private investment. Those private investments, in the forms of wind farms and manufacturing facilities, then become sources of local, state and federal government revenue for decades. In 2012, the wind industry put $25 billion in private investment into our national economy.

The PTC makes wind energy cost competitive:

Tax incentives, like the PTC, are not unique to the wind industry. The nuclear industry gained access to a similar PTC in the Energy Policy Act of 2005, which is continuously available to that industry until the year 2020. A study by the Environmental Law Institute in 2009 found that between 2002 and 2008, the federal government provided $72 billion in subsidies to fossil fuel industries, but the renewable energy industries only received about $12 billion. Because the PTC has now been revoked, the wind industry is at a congressionally manufactured disadvantage to other energy resources that have not had to renew their subsidies.

The PTC has bipartisan support:

The American wind industry has become widely popular regardless of political affiliation—two independent polls taken in 2013 by Gallup and Navigant confirm that over 70 percent of Americans support this clean, domestic source of renewable energy. The American wind industry is particularly successful in conservative districts. In fact, GOP Congressional districts contain 75 percent of wind energy capacity and currently host over 70 percent of wind energy manufacturing facilities.

The Production Tax Credit brings wind energy to the South:

An extension of the PTC would provide a more secure future for the American wind industry and help increase wind energy here in the Southeast. Wind farms have now been evaluated and/or proposed in every state in the South, in part because of better wind turbine technology, but also because of the PTC, before it expired. In addition to low-cost energy and manufacturing jobs, when wind farms are built in the South, local construction and operations jobs will be created and ongoing local revenue will be generated. Therefore, it is time to renew the PTC to continue its benefits for the South.

Credit: NREL (Buffalo Mountain Wind Project, Tennessee)

For more information, contact Simon Mahan, Renewable Energy Manger,
Southern Alliance for Clean Energy: simon@cleanenergy.org

***Sources**: American Wind Energy Association, DSIRE, Environmental Law Institute, E& E Publishing, Gallup, Gigaom Research, NREL and Red States Renewable Alliance*