Congress of the United States
Washington, DC 20515

November 14, 2013

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Camp:

We are writing to urge you to allow the wind production tax credit (PTC) to expire at the end of 2013 under current law and not to include an extension of the PTC in tax reform or tax extenders legislation.

As you will recall, during the closing hours of the last Congress, the Senate-passed tax extenders package that included an extension of the PTC was inserted into the American Taxpayer Relief Act of 2012 (ATRA). The inclusion of the PTC without regard to its individual merit is part of what has produced the overly complicated system that tax reform seeks to address. The extension included in ATRA modified the eligibility criteria for the PTC to allow facilities that are merely under construction to qualify, eliminating the 20-year old placed in service requirement for the credit and tripling the score of the provision to well over $12 billion as a consequence.

Originally, the wind energy production tax credit, established by the Energy Policy Act of 1992 (PTC), provided wind energy producers a 1.5 cent subsidy for every kilowatt hour of electricity produced and attached to a wind farm when it was built, continuing for its first ten years of operation, so that even if the PTC expired, a wind farm built in 2013 would continue to receive subsidies until 2023.

The U.S. Department of the Treasury (Treasury) has expanded the value of the credit over the years so that today it is worth 2.3 cents per kilowatt. Further, Treasury has interpreted ATRA's 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. That means that a wind project that "begins construction" in 2013 could receive subsidies until 2026.

This constitutes a more than generous phase-out for a credit that is being awarded to a mature technology with over 60,000 megawatts of generation installed across the country. In fact, 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

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demand for power and is straining the electric grid and threatening reliability with a dramatic increase in an intermittent power resource. The growth in wind is driven not by market demand, but by a combination of state renewable portfolio standards and a tax credit that is now more valuable than the price of the electricity the plants actually generate.

As the House Ways and Means Committee takes on the commendable, but difficult, task of enacting revenue-neutral tax reform legislation, the PTC should be excluded from there or in any tax extenders legislation that the Committee may consider.

Sincerely,

Mike Pompeo

Ed Whitfield

Joe Barton

Marsha Blackburn

Jim Bridenstine

Kenny L. Bentivolio

Brett Guthrie

Pete Olson

Richard Hanna

Daniel B. Maffei

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Ed Royce

Walter B. Jones

Steve Scalise

Shelley Moore Capito

Doug Lamborn

John Kline

Gregg Harper

cc: The Honorable Sander Levin
The Honorable Pat Tiberi
The Honorable Richard Neal

Page 2

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Page 3

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Page 4

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