

Does Wind Energy Rely on Government Subsidies?

All forms of energy production – whether fossil fuel or renewable – **receive some level of support** from federal and state governments **to encourage investment.**

- » The production tax credit for wind and solar energy, **a performance-based incentive** which amounts to 2.3 cents-per-kilowatt hour, drives approximately \$15 billion per year in private investment in the U.S.
- » **Fossil fuels have received many times more in incentives than renewables.** Fossil fuels in their start-up period got five times more in government incentives than renewable energy has, and nuclear got 10 times as much.¹
- » Over the last 100 years, American taxpayers have paid over \$500 billion to subsidize the fossil fuel and nuclear industries. Many of these incentives are permanent, making them more valuable to investors, and these incentives continue to this day.²
- » From 1950-2010, 70% of all energy subsidies went to fossil fuels, with less than 10% going to all renewables, according to the Nuclear Energy Institute.³
- » **Support for U.S. renewables** enhances energy diversity and energy security, **promotes rural economic development**, supports domestic manufacturing, protects consumers from price volatility and reduces power sector impact on the environment.



PRODUCTION TAX CREDIT PHASEDOWN



The Renewable Electricity Production Tax Credit (PTC) has benefited American consumers by growing our economy, creating jobs, improving energy security, saving money for families and businesses, and supporting a new U.S. manufacturing sector. It has driven tens of billions of dollars into rural and Rust Belt America, and brought new jobs right to the places where they are needed the most. The tax credit has begun phasing down by 20 percent each year beginning in 2017 with the phase-out after 2019.

“As the father of the first wind energy tax credit in 1992, I can say that the tax credit was never meant to be permanent. I also can say that the wind energy industry is the only energy industry that came forward with a phase-out plan. The oil and nuclear industries have benefited from tax incentives that have been permanently on the books for decades. The five-year extension for wind energy brings about the best possible long-term outcome that provides certainty, predictability and a responsible phase-down of a tax incentive for a renewable energy source. Certainty and predictability in tax policy are necessary so businesses can plan and invest accordingly, which is important for job creation. A five-year extension of the wind energy provision will support jobs. It supports the renewable energy that consumers want for a cleaner environment and energy independence from countries that wish to do us harm.”

– U.S. Senator Chuck Grassley, (R) Iowa⁴

Sources:

¹ AWEA, <http://www.awea.org/Advocacy/Content.aspx?ItemNumber=797> 16 DBL Investors, “What Would Jefferson Do?” September 2011. http://i.bnet.com/blogs/dbl_energy_subsidies_paper.pdf

² Congressional Research Service, “Energy Tax Policy: Historical Perspectives on and Current Status of Energy Tax Expenditures,” May 2, 2011. <http://www.leahy.senate.gov/imo/media/doc/R41227EnergyLegReport.pdf> 18 Nuclear Energy Institute,

³ “60 Years of Energy Incentives: Analysis of Federal Expenditures for Energy Development,” October 2011. <http://www.nei.org/Master-Document-Folder/Backgrounders/White-Papers/60-Years-of-Energy-Incentives-Analysis-of-Federal>

⁴ “Grassley Secures Victories for Wind Energy Production, College Savings Plans, Taxpayer Rights in Omnibus, Tax Extenders Package.” <http://www.grassley.senate.gov/news/news-releases>