

EFFECTIVE TAX POLICY WORKED, IS PHASING OUT

The PTC has delivered tremendous value to the American people during its lifetime and the industry isn't asking for an extension, even as other major energy industries continue to receive various tax incentives and credits without a unifying public policy rationale.

The PTC is a per-kilowatt-hour (kWh) tax credit for electricity generated.

Just as tax treatment for other energy sources has enabled growth and development, the Production Tax Credit (PTC) is an incentive that helped wind developers access the capital needed to build new wind projects. This incentive is phasing out.

The PTC was originally authored by Senator Chuck Grassley (R-Iowa) and former Representative Phil Sharp (D-IN) as part of energy legislation in 1992. The PTC helped launch the wind industry as we know it. However, at times a lack of policy certainty around the PTC hampered the growth of American wind power. For many years, Congress cycled through the tax credit in one or two-year stints and allowed it to expire multiple times. This cyclical pattern resulted in boom-bust cycles of development.

In December 2015, with strong bipartisan support, Congress agreed to an orderly phase-out of the PTC to be completed by December 31, 2019. Wind projects will no longer be able to qualify for the PTC if construction begins after the credit sunsets in 2019.

This multi-year policy certainty created a business environment primed for growth, where investments in people and infrastructure like manufacturing took hold. This brought benefits to American families and businesses. Because of this certainty, today over 114,000 Americans across all 50 states work in wind.

PTC Working for Texas

"The production tax credit has actually been a net benefit for Texas. In the ERCOT market, wind has reduced wholesale market costs about \$1 billion a year. That means for about every \$1 in taxes a Texan pays to fund the PTC, about \$2 is saved in the wholesale electricity market." - Joshua Rhodes, research associate in the Energy Institute at The University of Texas at Austin.

Wind is competing, but natural gas dominates the market price. The ERCOT Independent Market Monitor (IMM) and two national laboratories have found that the PTC has a near-zero impact on average annual wholesale power prices in ERCOT. The IMM found a one-cent per MWh difference in average annual wholesale prices, while the national labs study found "almost no impact" on day-ahead prices and "little impact" on average real-time prices after removing the influence of the PTC from market pricing data.

- Wind energy supports over 25,000 well-paying Texas jobs, including many manufacturing, construction, and technical jobs across the state, and employs veterans at a 67 percent higher rate than the national average.
- Private capital investment in wind projects through 2018: \$46.5 billion
- Annual state and local tax payments in Texas by wind projects: \$237 million
- Annual land lease payments in Texas: >\$70 million
- Around 70 percent of all wind projects are located in low-income counties where land lease payments, tax payments, and jobs boost local economic prospects.