

# Will the Wind Tax Credit Be Allowed to Expire?

by Donald Scarinci

The wind industry reached a milestone earlier this year by exceeding 50,000 megawatts (MW) of generation capacity for the first time. However, the future success of the wind industry largely hinges on legislative efforts to extend the [wind production tax credit](#) (PTC), which is set to expire in 2012. The federal subsidy provides a 2.2-cent per kilowatt-hour credit to wind energy producers.

The [American Wind Energy Association](#) (AWEA) attributes much of the industry's third-quarter growth to the [tax credit](#). Installations of new wind electricity capacity rose by 1,833 megawatts during the quarter, according to AWEA. Installed capacity has increased 40 percent through the quarter compared with 2011, it stated.

Despite these gains, the role of the federal governments in funding power sources like [wind and solar farms](#) remains a highly controversial issue. Supporters of the PTC argue that wind power is a wise investment, pointing to the jobs created by the industry as well as the environmental benefits. They maintain that while the industry is taking off, it still needs help to compete with established sources of energy like coal and natural gas.

[Businesses](#) are also starting to get behind solar power. Earlier this fall, 19 companies, including major consumer brands like Johnson & Johnson, Starbucks, Yahoo!, and Sprint urged Congressional leaders to extend the tax credit. "The PTC has enabled the industry to slash wind energy costs – 90% since 1980 – a big reason why companies like ours are buying increasing amounts of renewable energy," the letter states.

Meanwhile, there are also many that oppose extending the tax credit. Many critics oppose government intervention into the free market, arguing that the wind industry should fail or succeed on its own merits. Others think the PTC should be allowed to sunset in favor of a broader tax reform.

A proposal to extend the credit for projects initiated in 2013 received bipartisan support from the Senate Finance Committee earlier this summer. The one-year reprieve was part of a wider "tax extenders" package. The full Senate is expected to take up the issue in its upcoming lame-duck session.

Senate Majority Leader Harry Reid (D-Nev.) has stated that he is "very confident" that the credit will pass the Senate. However, the House has not yet seriously considered the issue.