

Republicans Blow With the Wind

Another industry wants to keep its taxpayer subsidies.

Congress finally ended decades of tax credits for ethanol in December, a small triumph for taxpayers. Now comes another test as the wind-power industry lobbies for a \$7 billion renewal of its production tax credit.

The renewable energy tax credit—mostly for wind and solar power—started in 1992 as a "temporary" benefit for an infant industry. Twenty years later, the industry wants another four years on the dole, and Senator Jeff Bingaman of New Mexico has introduced a national renewable-energy mandate so consumers will be required to buy wind and solar power no matter how high the cost.

The truth is that those giant wind turbines from Maine to California won't turn without burning through billions upon billions of taxpayer dollars. In 2010 the industry received some \$5 billion in subsidies for nearly every stage of wind production.

The "1603 grant program" pays up to 30% of the construction costs for renewable energy plants (a subsidy that ended last year but which President Obama calls for reviving in his budget). Billions in Department of Energy grants and loan guarantees also finance the operating costs of these facilities. Wind producers then get the 2.2% tax credit for every kilowatt of electricity generated.

Because wind-powered electricity is so expensive, more than half of the 50 states have passed renewable energy mandates that require utilities to purchase wind and solar power—a de facto tax on utility bills. And don't forget subsidies to build transmission lines to deliver wind power to the electric grid.

What have taxpayers received for this multibillion-dollar "investment"? The latest Department of Energy figures indicate that wind and solar power accounted for a mere 1.5% of U.S. energy production in 2010. DOE estimates that by 2035 wind will provide a still trivial 3.9% of U.S. electricity.

Even that may be too optimistic because of the natural gas boom that has produced a happy supply shock and cut prices by more than half. Most economic models forecasting that renewable energy will become price competitive are based on predictions of natural gas prices at well above \$6 per million cubic feet, more than twice the current cost.

The most dishonest claim is that wind and solar deserve to be wards of the state because the oil and gas industry has also received federal support. That's the \$4 billion a year in tax breaks for oil and gas (which all manufacturers receive), but the oil and gas industry still pays tens of billions in federal taxes every year.

Wind and solar companies are net tax *beneficiaries*. Taxpayers would save billions of dollars if wind and solar produced no energy at all. A July 2011 Energy Department study found that oil, natural gas and coal received an average of 64 cents of subsidy per megawatt hour in 2010. Wind power received nearly 100 times more, or \$56.29 per megawatt hour.

Most Congressional Democrats will back anything with the green label. But Republican support for big wind is a pure corporate welfare play that violates free-market principles. Last week six Republican Senators—John Boozman of Arkansas, Scott Brown of Massachusetts, Charles Grassley of Iowa, John Hoeven of North Dakota, Jerry Moran of Kansas and John Thune of South Dakota—signed a letter urging their colleagues to extend the production tax credit.

"It is clear that the wind industry currently requires tax incentives" and that continuing that federal aid can help the industry "move towards a market-based system," said the letter. What's the "market-based" timetable—100 years? In the House 18 Republicans have joined the 70-Member wind pork caucus. Someone should remind them that in 2008 and 2010 the wind lobby gave 71% of its PAC money to Democrats.

Here's a better idea. Kill all energy subsidies—renewable and nonrenewable, starting with the wind tax credit, and use the savings to shave two or three percentage points off America's corporate income tax. Kansas Congressman Mike Pompeo has a bill to do so. This would do more to create jobs than attempting to pick energy winners and losers. Mandating that American families and businesses use expensive electricity doesn't create jobs. It destroys them.