



RENEWABLE ENERGY:

Wind credit with bipartisan backing gets lost in election-year fray

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The ongoing campaign to extend a tax break vital to the wind industry is experiencing something of an identity crisis.

On the one hand, the credit has broad bipartisan support and efforts to extend it have been championed even by some freshman Republican lawmakers swept into office on the tea party-backed wave two years ago. On the other, congressional Democrats and the Obama administration are increasingly pointing to inaction on the credit to attack their political rivals and draw contrasts aimed at highlighting GOP support for the oil industry.

The wind production tax credit stands a good chance of being extended before its Dec. 31 expiration, although substantive action is not expected until a post-election lame-duck session when the PTC's fate likely will be decided alongside a bevy of other tax-and-spending matters that will need to be resolved before year's end.

In the meantime, discussion of the credit appears likely to become another political football as the two parties trade barbs leading up to November.

The increased politicking around the PTC seems to signal a growing recognition that the chance for a pre-election extension is effectively nil, a situation that may frustrate wind project developers and component manufacturers preparing to lay off workers because of lingering uncertainty over whether the credit will survive until next year.

"The most important here for the industries most closely involved in this is getting it extended. They don't need to make a statement," said Ryan Fitzpatrick, a senior policy adviser for clean energy at the centrist think tank Third Way, which supports the credit.

The PTC's best chance for an extension may have come and gone back in February, when backers hoped to attach the credit to a closely watched payroll tax extension ([E&ENews PM](#), Feb. 16). Since then, a couple of other efforts to win an extension have failed to overcome procedural hurdles in the Senate, as Republicans and some moderate Democrats objected to efforts to extend other, less popular programs created in the 2009 economic stimulus law or to eliminate favorable tax treatment for oil and natural gas companies.

But the PTC looked at in isolation clearly has broad support from both parties, despite the hurdles it has faced. Just last week, a group of House lawmakers including 16 freshman Republicans wrote to leadership asking that an extension of the credit be taken up "as soon as possible," although the letter did not get into how to pay for an extension or address other renewable programs.

"Manufacturers and developers in our districts have told us that within weeks, or months -- as soon as their last component part is shipped off to the project site -- they will be faced with little to no orders for 2013, and will begin to deal with layoffs and plant closures," [wrote](#) the lawmakers, led by freshman Rep. Kristi Noem (R-S.D.).

Presumptive Republican presidential nominee Mitt Romney has not explicitly taken a position on whether to extend the PTC, although the former Massachusetts governor has broadly criticized government support for renewable energy such as wind and solar, which his campaign says "remain sharply uncompetitive" with conventional power sources. His attacks have focused more directly on other aspects of the administration's agenda, such as the loan guarantee program that funded now-bankrupt companies like solar panel manufacturer Solyndra.

President Obama and his allies have been more aggressive in highlighting inaction over the PTC. The president earlier this year put the PTC on his "to-do list" for Congress, and Vice President Joe Biden has targeted jobs created in the renewable sector on the campaign trail as a way to urge action on the PTC and attack Romney's position.

"You had our good friend Mitt Romney saying he dismissed wind and solar by saying they're 'two of the most ballyhooed forms of alternative energy.' Tell that to the 7,000 workers manufacturing wind power here in Iowa," Biden said at a stop last week in Dubuque, according to press reports.

Interior Secretary Ken Salazar made a similar point yesterday, following his announcement of two more regulatory milestones related to wind energy projects, noting that "the president has been very clear about the importance of the United States' Congress standing up to its responsibility and supporting the tax credits for this industry" ([E&ENews PM](#), July 2).

'Good sound bite'

While the PTC has broad support, most Democratic efforts to extend it have wrapped the issue together with controversial proposals on which the partisan divide is starker, such as extending the tax credit or loan programs created by the 2009 economic stimulus law or eliminating favorable tax treatment for oil companies.

House Democrats continued that trend last week, introducing a bill that would extend the PTC for a year while eliminating the ability for integrated oil companies to deduct some foreign taxes on their U.S. returns (*E&ENews PM*, June 27).

Even the sponsors of that bill acknowledge it has almost no chance of passing the GOP-controlled House, and some observers say it distracts from efforts to find bipartisan agreement around the details of a PTC extension, such as how much longer the credit should last and how any lost revenues would be recouped elsewhere.

"It is a good sound bite, but for everyone who's just advocating [an immediate extension] ... it's probably not helpful," Fitzpatrick said.

Rep. Earl Blumenauer (D-Ore.), who introduced the Democratic PTC bill, said he is frustrated at the House's failure to act on the PTC extension, given its broad support and the frequent argument from the wind industry that tens of thousands of workers will be laid off by the end of this year without an immediate extension. Blumenauer last year co-sponsored a bipartisan PTC bill with Rep. Dave Reichert (R-Wash.) that would extend the PTC for wind and other renewable sources through 2016. That legislation, which has 24 GOP co-sponsors, did not include any provision to pay for the credit extension.

"There is no reason to not take every opportunity to spotlight it. And there was interest on our side of the aisle to take it up a notch, and we agreed to do that," Blumenauer told *Greenwire* last week, referring to the Democratic bill. "I'm under no illusions that this is likely to be embraced quickly, but the concept is important, and part of what needs to be done is to put more attention on it, and this may be an opportunity to continue that."

Rep. Pat Tiberi (R-Ohio), who chairs a Ways and Means subcommittee tasked with determining the fate of the PTC and other "tax extenders," called the Democrats' bill "not helpful" and said it was "more about the November election than actually trying to come up with a compromise" on the extenders.

"Understand that this has to be bipartisan in the end, and then, when you're looking at energy, we really do mean all of the above and not whacking somebody for the benefit of somebody else," Tiberi said in a brief interview last week, "whether that whack be on the alternative side or on the fossil fuel side. I'm not saying everybody, but I think that's where a majority of us are trying to get to is truly all of the above."

Tiberi said he did not expect to see the extenders acted on in the House until after the election, at which point he said the extenders could be handled in conjunction with a GOP effort to extend income tax cuts passed in 2001 and 2003. In the Senate, an extenders bill may be taken up before the election, but the schedule remains unclear; Senate Finance Chairman Max Baucus (D-Mont.) said last week that he expects "movement" this month but declined to elaborate.

The question of how or whether to pay for an extension remains one of the trickiest issues surrounding the PTC, and even some Democrats are recognizing that their preference of eliminating breaks for oil companies likely will have to be jettisoned if a deal is to eventually be reached.

"The offsets are a challenge; I acknowledge that," Sen. Ben Cardin (D-Md.), a member of the Finance Committee and a PTC supporter, said in an interview last week. "There are certain categories of revenue that would be very difficult in this political environment to get. Even though we think it's the right way, we're going to have to compromise."

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