Wind Energy and U.S. Energy Subsidies

Support for wind enhances national energy independence, promotes rural economic development, contributes to energy price stability and helps address global climate change.

- Every energy technology is supported by the federal government. Wind energy is no exception, nor should it be.
- During the year 2003 alone, federal energy subsidies ranged from $37 billion to $64 billion, according to a study prepared for the National Commission on Energy Policy. Wind energy accounted for less than 1% of the total.[2]

Federal incentives have long been used to encourage investment in domestic energy production.

U.S. subsidies for oil, natural gas, coal, nuclear, and hydro power totaled approximately $500 billion from 1950 to 1977 (in 2004 $).[1]

In the last century, this investment created an abundance of affordable domestic energy, powering strong economic growth. It also contributed to a heavy reliance on fossil fuels. Today's rising energy demands – and volatile prices – reveal a need for a more diverse energy supply.

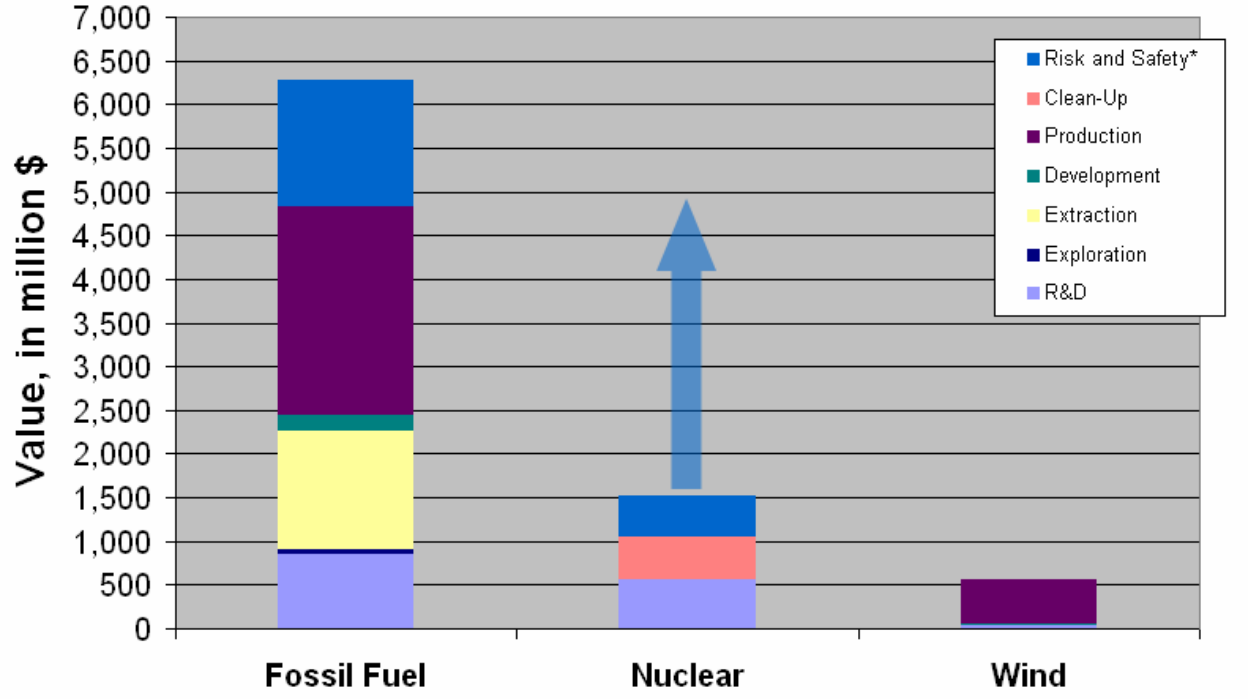
Wind Power: An Abundant American Energy Source

American Wind Energy Association®

Wind power is ready to be a significant source of American energy. Diversifying federal support to include newer, non-polluting, domestic energy industries like wind is smart energy policy.

- **Proven results.** The main incentive for wind, the production tax credit (PTC) is an effective policy to facilitate wind power development, as evidenced by today's growth in the use of wind power. Wind project owners receive tax credits only for energy produced; thus they have an incentive to use better wind sites and better technology – harvesting the most energy possible from every wind turbine.
- **Boom and bust cycle.** The current on-again, off-again cycle of the production tax credit for wind creates an unstable business environment, undermining manufacturers' ability to justify long-term investments in manufacturing facilities and reducing the credit's usefulness in catalyzing industry growth.
- **Long-term policy needed.** Some energy incentives, like the depletion allowance for oil and gas, are permanent in the tax code and have been around since the 1920's. Wind energy's primary incentive, the production tax credit (PTC), has expired – or been set to expire – and then reinstated five times, and will expire automatically again at the end of 2008 unless renewed by Congress. In effect, many subsidies for new, clean energy technologies are temporary, while many for older, polluting energy technologies are permanent.
- **Long-term benefits**. Investing in wind energy, a clean, renewable, domestic energy source, will save Americans billions in the long run through reduced health, pollution and waste cleanup costs.

A Glance at Federal Energy Subsidies for Fiscal Year 2006



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   * The value of the incentive of limited liability for the nuclear industry under the Price Anderson Act had a wide range of values in literature.

More links on federal energy subsidies are available on www.ifnotwind.org.

Wind energy works—for America's economy, environment, and energy security.

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