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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051

<http://oversight.house.gov>

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Opening Statement

Rep. Jackie Speier, Ranking Member Subcommittee on Energy Policy, Health Care and Entitlements Hearing on “Oversight of the Wind Energy Production Tax Credit”

October 2, 2013

Thank you, Mr. Chairman, I appreciate that several of our witnesses travelled a great distance to be with us today, but to take a business as usual approach to a hearing that deals with an issue that does not pose a threat to health or safety seems grossly inappropriate. Our government is shut down, more than 800,000 federal employees have been furloughed, and Congress has abdicated its fundamental Constitutional responsibility to fund the government.

But we are here for this hearing on the Production Tax Credit, which has helped the wind industry grow to a major source of renewable energy here in the U.S. In fact wind energy has grown from about 1% of total U.S. energy production before the PTC, to almost 4% last year.

Today the wind energy industry employs more than 80,000 American workers at manufacturing facilities up and down the supply chain, as well as engineers and construction workers who build and operate wind farms. And these are good paying jobs.

Wind turbines are now made domestically by approximately 550 new manufacturing facilities in all regions of the country. These facilities produce more than 70% of the content of an average wind turbine installed in the U.S., compared to just 25% in 2005. In fact, as a direct result of the PTC, the wind industry was the number one source of **new** generation capacity in the U.S. last year.

Wind energy also means lower prices for consumers. Department of Energy data shows that from 2005 to 2010 electricity rates increased by twice as much in the 40 states with the least wind power compared to rates in the 10 states with the most wind generation.

I can tell you that clean wind energy and the PTC are important to California, and I know that Oklahoma is one of the biggest producers of wind energy.

Only weeks ago, the Internal Revenue Service issued new guidance interpreting the latest extension of the PTC—that was passed on January 2 of this year. Not a single energy company has yet claimed the tax credit under this one year extension, and it will realistically be at least 18 months before the IRS will be called upon to apply its guidance. This can be a risky proposition for companies that are investing hundreds of millions of dollars in new wind energy projects. After all, if they don't build and get it operating, they don't get the credit. There are no loans or guarantees or upfront benefits.

That is why clarity is essential. We can help make sure we don't face problems down the road when those investing now seek to claim the credit.

Mr. Chairman, call me paranoid, but I also have to note that on the same day this hearing was announced, Americans for Prosperity, Freedom Works and more than 20 other conservative groups launched a campaign to end the PTC. The majority's witness is also a known opponent of the PTC, and wind energy altogether. I hope that we are really conducting oversight of the implementation of the law, and not using this hearing to simply launch another attack on a clean energy program that has worked well for many years.

There is little doubt that the elimination of the PTC, or the risk of its termination lapse, will damage the industry, and put a brake on its renewed growth. The wind industry has gone through a boom and bust cycle whenever Congress has allowed the benefit to expire or get close to expiration. Last year, even though the PTC lapsed for just one day, hundreds of workers who manufactured wind turbines were laid off, and construction and manufacturing projects were

cancelled in anticipation of the lapse. Workers in Grand Forks, North Dakota and Little Rock, Arkansas lost their jobs at turbine manufacturers when the PTC's future was in question.

Some object to the wind energy industry receiving any federal support. But let's get real.

The fossil fuel industry has received tax subsidies and other government incentives that far exceed everything we are doing for renewable energy. Big oil still gets federal subsidies even though just the five biggest oil companies-- BP, Chevron, ConocoPhillips, ExxonMobil, and Shell-- made a combined \$118 billion in profits in 2012. Of course those profits were down from their record high of \$137 billion in 2011.

I want to bring your attention to this chart which illustrates the huge differences in subsidy for fossil fuels as opposed to wind energy over time.

Oil and gas have received over **\$4.8 billion each year** in government subsidies **for over 90 years**. Wind energy, by contrast, has received a small fraction of that -- an average of **only \$370 million per year** for the last **19 years**.

So if anyone has fiscal concerns about federal support for energy producers, I think this chart shows clearly that there is much more reason to be concerned about support for the fossil fuel industry than renewable energy sources. We need to give as much support to clean renewable energy sources as we have provided—and continue to provide—to the fossil fuels industry.

The Committee, and the federal government, shouldn't be in the business of picking winners and losers in the energy marketplace. We certainly shouldn't use our hearings to promote the interests of fossil fuels while creating problems for renewable energy. Especially when the PTC, and other renewable programs help ensure that our nation maintains a diverse energy portfolio.

Mr. Chairman, I look forward to receiving testimony from all of our witnesses and having a thoughtful examination of ways to encourage greater use of renewable energy sources as we tackle the growing problem of climate change and energy independence.

I yield back.