COMMITTEE ON
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CHAIRMAN LAMAR SMITH

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Statement of Energy Subcommittee Chairman Cynthia Lummis (R-Wyo.)
Hearing on "Assessing the Efficiency and Effectiveness of Wind Energy Incentives

Chairman Lummis: Good afternoon and welcome to today's hearing on Assessing the Efficiency and Effectiveness of Wind Energy Incentives.

Wyoming is rich in all forms of energy: fossil fuels, renewables, and the uranium that powers our nuclear plants. And we lead the nation in wind energy resources—the subject of today's hearing. Wyoming's wind is under rapid development.

In Carbon County, Wyoming, a 10,000 turbine wind farm is under construction, which upon completion will be the largest renewable energy project in the U.S.

But building wind farms alone does not guarantee the electricity will be used. Constructing new transmission lines to deliver the electricity is a key barrier that must be overcome.

For Carbon County wind electricity to be delivered to Nevada and California, a 725 mile high-voltage transmission line must be constructed, and coal- and gas-fired plants must make adjustments to protect against power outages when the wind stops blowing.

These additional costs and challenges cannot be ignored.

The wind industry is now successful and mainstream, so the time has come to wean it from taxpayer subsidies.

When the wind industry's principal subsidy, the Production Tax Credit (PTC), was created in 1992, it was intended as temporary assistance to help an immature energy technology.
But here we are, 21 years later and the subsidy is still in effect.

It is time for the industry to look beyond tax credits and cash payments. I am encouraged by the American Wind Energy Association's proposal to phase out the PTC.

In addition to the PTC, the Government Accountability Office will testify today that the Federal government supports wind energy through dozens of duplicative and costly initiatives.

GAO notes seven initiatives provided duplicative support for single wind projects; known as "double dipping," including the Section 1603 cash grant program and Department of Energy loan guarantee program.

The extent of these subsidies results in taxpayers' bearing project risks while investors collect the rewards.

Ironically, President Obama's own advisors cautioned against this double dipping. In October 2010, White House advisors Carol Browner and Larry Summers warned President Obama in writing that Federal subsidies should be reconsidered in light of double-dipping and because government assistance may account for greater than 60 percent of a single project's cost.

Additionally, Browner and Summers warned that subsidies would be provided to projects that would have been built regardless of Federal financial support.

If only these concerns had been addressed when raised in 2010, GAO's report today might have better news for taxpayers.
Given the current budgetary outlook, Congress must reevaluate the need for and value of costly energy subsidies.

I hope today's hearing serves as an important step in that process.

Thank you, Mr. Chairman, I yield back.

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