

RENEWABLES: Will the world's new leader in wind power hit the doldrums? (09/04/2008)

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The United States could lose its new standing as the world's leading provider of wind-powered electricity if Congress fails to extend vital tax credits before they expire in December, industry leaders warn.

The Senate has failed to pass a package of tax credits aimed at encouraging the development of renewable energy projects, troubling utilities and investors who rely on the program to soften huge expenses on emerging technology aimed at reducing carbon dioxide emissions.

With four months left before the credits expire, some companies are preparing to abandon projects that could further fuel the country's rapid rise in alternative energy, according to Randall Swisher, executive director of the American Wind Energy Association.

"Over the next month, if Congress doesn't act, [the companies] may have to abandon projects for 2009," he said. "We're talking about them walking away. It's a disastrous scenario that's just unbelievable in light of all the progress the industry has made."

Swisher declined to identify the businesses, but his warning comes as the nation's ability to produce wind-powered electricity is hurtling forward.

The United States surpassed Germany this year as the leader in turbine capability, able to produce more than 20,000 megawatts of electricity, the equivalent of 20 large nuclear plants and enough to serve 5.3 million homes. That's a fourfold increase since 2003.

Congress 'on the edge' of reducing wind

Industry representatives say the renewable energy production tax credit is a centerpiece of that growth. There's evidence they're right. The tax credit lapsed for most of 2004, causing wind-power additions to plummet from 1,687 megawatts in 2003 to 389 megawatts in 2004.

Similar reductions occurred when the credits expired in 1999 and 2001.

"We're on the edge of blowing it once again," Swisher said.

Wind energy providers are doing their best to showcase their product. Xcel Energy powered the Democratic National Convention in Denver with wind-generated electricity. It's doing the same for the Republican National Convention this week in St. Paul, Minn., according to the American Wind Energy Association.

Swisher, meanwhile, is attending the Republican convention to press for congressional reconciliation around the tax credits, which provide 1.9 cents for every kilowatt-hour of electricity produced by wind, solar, geothermal and some bioenergy facilities.

Early last year, the House passed legislation that would fund the credits with subsidies taken from the oil industry. President Bush threatened to veto the measure, and the Senate blocked it.

The current version relies on redirecting tax breaks away from companies with overseas operations and closing loopholes used by hedge fund managers. Senate Republicans argued that the plan raises taxes and blocked it in June.

"The closer we get to the end of the session [in December], the more pressure the Senate Republicans will have to end their filibuster," said Matthew Beck, communications director for the Democratic-controlled House Ways and Means Committee. "I expect there will be another opportunity to move the bill forward."

Wind expected to provide 20 percent of the nation's energy

But observers say both parties have contributed to the delay. There have been 13 floor votes between the two chambers, yet no compromise has emerged.

"It's outrageous. There's enough blame on both parties," said Marchant Wentworth, a clean energy lobbyist for the Union of Concerned Scientists, which promotes tax credits as the fastest way to spur the development of alternative energy.

Currently, wind-derived electricity accounts for 1.5 percent of the nation's power. But as the availability grows, the demand for natural gas could lessen, eventually leading to lower electricity costs nationwide, Wentworth said.

The Energy Department predicts that 20 percent of the country's power could come from wind by 2030 -- a goal that industry experts say could be exceeded if the current growth continues.

The congressional impasse, however, is already slowing the addition of alternative energy projects, according to Gregory Wetstone, the top lobbyist with the wind association.

"Even with an extension [of the tax credit] in September, the growth won't be what it would have been," he warned. "Without an extension, we're going to see a very noticeable drop."