Federal incentives for wind set to expire soon

DIRK LAMMERS - Associated Press - Associated Press

South Dakota Sen. Tim Johnson warned Wednesday that key federal incentives for wind power are set to expire in less than two weeks, and he worried their renewal may get lost as negotiations over the fiscal cliff dominate Congress' efforts.

The production tax credit provides a 2.2-cent tax break for every kilowatt-hour of electricity produced from large-scale wind farms, which in South Dakota have a capacity to produce about 784 megawatts of power.

Johnson, a Democrat, said the Senate Finance Committee included an extension of the credit through 2013 in its August tax extender package, "but it's wrapped in the 21 other extenders, and we'll see what happens."

The credit was first enacted under President George H.W. Bush and backed by several prominent Republicans. But some conservative House members objected to its extension this summer, arguing it was wasteful spending. Elimination of the break was later written into the GOP party platform.

"The delays in addressing the wind production tax credit have hampered growth and led to layoffs," Johnson said during a conference call Wednesday. "With stable policy, we would be seeing more jobs in South Dakota."

President Barack Obama and House Speaker John Boehner are continuing negotiations meant to head off hundreds of billions of dollars in broad tax increases and budget-wide spending cuts due to be triggered in early January.

Sen. John Thune, R-S.D., who in the past has supported the wind farm tax credit, or the protection tax credit, said the main fiscal issues need to be addressed first.

"The two issues, fiscal cliff and PTC, are not mutually exclusive as an agreement to avert the pending fiscal cliff is the most likely legislative route for an extension of expiring provisions like the PTC," he said in a statement Wednesday.

Andrea McCarthy, a spokeswoman for U.S. Rep. Kristi Noem, R-S.D., said the congresswoman has been vocal proponent of extending the tax credit and hopes the issue will get taken care of, though she has no direct knowledge of negotiations happening on a potential end-of-year deal.

Wind energy advocates also are pushing for the credit renewal. The American Wind Energy Association, quoting a study by Navigant Consulting, said a new U.S. manufacturing sector and 37,000 jobs could be lost by the first quarter of 2013 if Congress fails to act.

"If they do nothing, the wind industry will fall over its own fiscal cliff and America

will lose most of its wind installations next year," Rob Gramlich, AWEA's senior vice president for public policy, said in a statement.

AWEA is urging Congress to pass the version that cleared the Senate Finance Committee on a 19-5 vote. It would allow any project that starts next year to qualify for the credit.

A typical wind farm takes 18 to 24 months to build, the organization said.

Gramlich said if the country loses its 500 wind energy factories, "they may never return."

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