

Save Our Scenic Hill Country Environment, Inc.

10212 Ranch Road 965

Fredericksburg, TX 78624

February 13, 2012

Dear Congressman Conaway,

On behalf of the ~600 members of our organization, **it is requested that you oppose any attempts to extend the federal Production Tax Credit (PTC) for industrial wind energy development.**

This request is based on a number of key factors, including the following.

- (1) After a number of years of having the PTC and other significant subsidies, it is past time that the industrial wind energy industry demonstrates that it is competitive on its own. The PTC was originally enacted in 1992.
- (2) On an absolute and relative basis, the subsidy is massive. The 2.2 cents per kilowatt hour tax credit can be equivalent to a significant proportion of the current wholesale price of electricity in the Electric Reliability Council of Texas (ERCOT) region which covers most of Texas. From a national perspective, a July 2011 report by the U.S. Energy Information Agency indicated that wind received almost \$5 billion in electrical production support and subsidies in 2010. The amount for wind was 42 percent of the total while wind generated only 2.3 percent.
- (3) The PTC incentivizes industrial wind developers to improperly pursue projects in relatively low potential wind areas such as the Texas Hill Country where such development does not make sense from aesthetic, land use, economics, environmental and other perspectives.
- (4) Industrial wind energy development creates a relatively small number of permanent jobs for the level of subsidies that are involved. In the Texas State Comptroller's "Texas Economic Development Act Report 2010" that pertains to tax credits and appraised property limitations in the state, it was stated that "Renewable energy projects are projected to receive 38 percent of the projected lifetime tax benefits from Chapter 313, but make up 27.6 percent of committed investments and eight percent of committed jobs."
- (5) Texas ratepayers in the ERCOT region are also required to pay for the transmission system additions that are needed to move the wind energy from remote locations to the load centers in the metropolitan areas. The Competitive Renewable Energy Zone (CREZ) transmission system additions that are being implemented for this purpose are now projected to cost \$6.95 billion.

In summary, the federal PTC is a luxury that can no longer be afforded in today's federal deficit situation. The dire consequence arguments that are being made by industrial wind energy proponents prove that the industry is still overly reliant on the subsidy.

Save Our Scenic Hill Country Environment is an organization that supports sensible development in the Texas Hill Country. Most of our members are landowners in Gillespie, Mason, Llano, Kerr and Kimble counties.

We would be pleased to meet with you or members of your staff to discuss the critical importance of our request. All that you do for this region is greatly appreciated.

Sincerely,

Robert Weatherford
President