



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Status of the Production Tax Credit and Renewable Portfolio Standards

Commissioner Richard Campbell    May 21, 2012



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## Production Tax Credit (PTC)

- The production tax credit provides a 2.2 cent per kilowatt-hour tax credit for the first ten years of electricity production from utility-scale turbines.
- The U.S. Congress has repeatedly gone back and forth between extending and retiring the PTC.



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## PTC History

- The PTC was originally enacted as part of the Energy Policy Act of 1992.
- There have been four extensions of the provision.
- On three occasions it has been allowed to sunset.
- This "on-again/off-again" status contributes to a boom-bust cycle of development that plagues the wind industry



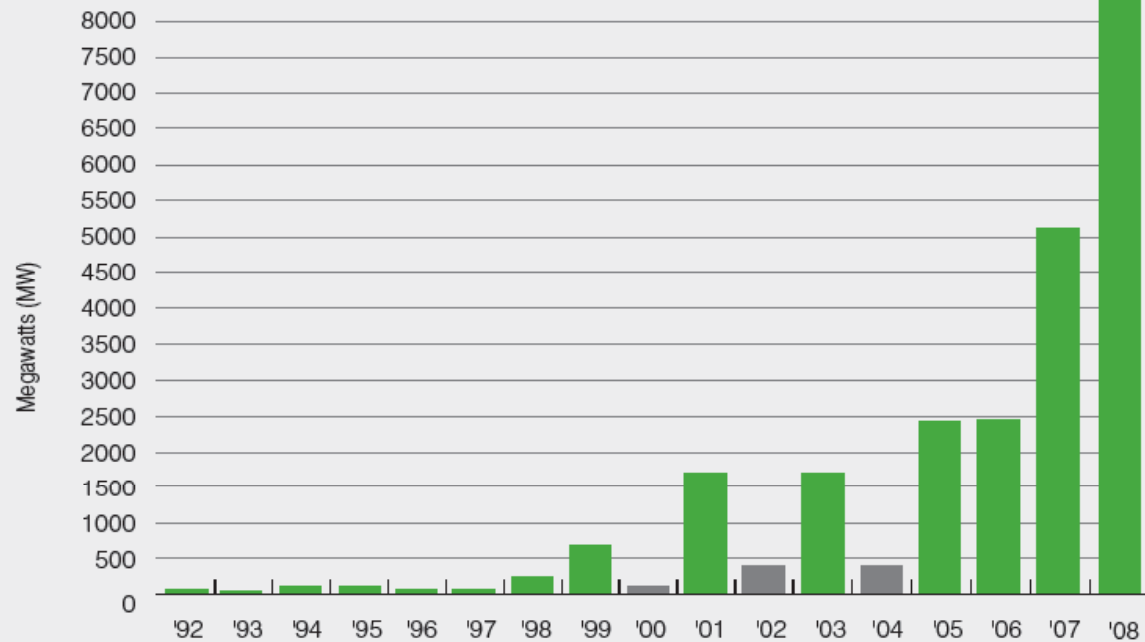
**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## PTC Expirations

Annual Installed U.S. Wind Power Capacity



- ▲ Continuity in the availability of the federal production tax credit ensures steady growth (2005, 2006, 2007, 2008)
- ▼ Expirations of the federal production tax credit (in 1999, 2001, 2003) wreak havoc on industry planning and cause drops in new installations (2000, 2002, 2004)
- ▶ **LONG-TERM POLICY NEEDED:** A national Renewable Electricity Standard (RES) is needed to create a stable, U.S.-wide market for capital investment.

Source: AWEA



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## Results if PTC is not Renewed

- Economic studies have shown that Congressional inaction on the PTC will kill 37,000 American jobs.
- Close plants.
- Cancel billions of dollars in private investment.



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## Predictions

- Comments from congressional staffers in April, 2012:
  - 50-50 odds for an extension of the tax credit
  - “Difficult to pass before the presidential election”
  - Likely part of a larger tax extenders package at year-end
  - More likely to be addressed if there is an electoral split in the November elections



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## Renewable Portfolio Standard

- The U. S. does not have a national renewable portfolio standard.
- 29 states have renewable portfolio standards.
- 8 states have renewable portfolio goals.
- Hawaii's standard is 40% by 2030.
- California's standard is 33% by 2020.



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

**DSIRE™**  
*Database of State Incentives for Renewables & Efficiency*

U.S. DEPARTMENT OF  
**ENERGY** | Energy Efficiency & Renewable Energy



## RPS Policies

[www.dsireusa.org](http://www.dsireusa.org) / April 2012

