Deal on 'fiscal cliff' gives wind industry a lifeline

January 4 2013, by Dana Hull

The wind industry spent most of 2012 begging Congress to extend the production tax credit for utility-scale wind turbines.

Now the industry is breathing a sigh of relief: As part of the tax package passed in the down-to-the-wire drama surrounding the "fiscal cliff," Congress extended the 2.2 cent per kilowatt tax credit for one more year.

Previously, the PTC, or production tax credit, applied only to wind projects that were fully built and producing electricity. Now it goes to any wind farm that is "under construction" by the end of 2013. The one-year extension is seen as critical to make the wind industry cost-competitive with solar and natural gas.

The wind industry employs about 75,000 workers in the United States, and the extension of the credit could save 37,000 jobs, according to the American Wind Energy Association, an industry lobbying group.

"Now we can continue to provide America with more clean, affordable, homegrown energy," Rob Gramlich, the association's interim CEO, said in a statement.

But others warned that the one-year extension, while welcome news, will do little to encourage new wind farm development because of the months required to permit new projects.

"We're in stop-start mode again," said Nancy Rader of the California

Wind Energy Association. "A one-year extension helps with projects that are in the pipeline and ready to go. But it doesn't really support any new development. The damage has been done."

California gets about 5 percent of its electricity from wind power, while most of the rest comes from natural gas, nuclear power and hydropower. The state has set an ambitious goal of getting 33 percent of its power from renewable sources by 2020, and utilities have signed several renewable energy contracts with developers to meet that goal.

The vast majority of wind turbines in California are clustered in three regions: the Altamont Pass between Livermore and Tracy, Tehachapi near Bakersfield and the San Gorgonio Pass near Palm Springs.

Several wind projects came online in California in 2012 as developers raced to get projects completed before the end of the year, including the Montezuma Hills wind farm south of Highway 12 in Solano County.

In June, state and local energy officials and wind developers from NextEra Energy Resources gathered at the Altamont Pass to celebrate completion of the first phase of NextEra's massive "repowering" project, expected to drastically reduce the number of red-tailed hawks, golden eagles and other raptors killed by turbines each year.

"The extension of the wind production tax credit is good news for the industry and our county," said Steve Stengel of NextEra, a Florida-based energy company that owns about half of the wind turbines in the 50,000-acre region known as the Altamont Pass Wind Resource Area. "We believe the extension illustrates that there remains bipartisan support for this important tax credit in Congress, and it removes uncertainty in 2013."

NextEra has not disclosed its wind development plans for 2013.

Companies such as GE Energy, Siemens and Vestas, which manufacture wind turbines, said the long-sought extension of the tax credit was a positive step.

"We look forward to working with our customers and suppliers on wind power projects that will start construction in 2013," said Monika Wood, a spokeswoman for Siemens Energy. "However, many wind project developers had already advanced their orders due to the pending expiration, making 2012 a record year in terms of installations. Therefore, we are currently evaluating the potential impact the extension of the PTC will have in the short term."

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