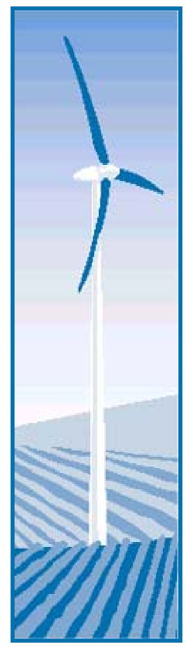
WINDUSTRY

April 28, 2010

Dear Rep. Levin, Chairman, and all members of the U.S. House Ways and Means Committee,

Windustry respectfully submits these comments in response to the April 14th hearing on Energy Tax Incentives Driving the Green Economy. The goal for policy makers is to build a strong wind energy industry in the U.S. that is based on sound technology, largely manufactured in the U.S., and provide opportunities for a diverse set of business models for Main Street as well as Wall Street. In order to achieve this goal, Congress needs to provide a long-term stable policy that can be the foundation for a robust domestic renewable energy economy in the U.S.

For over 10 years Windustry has been the leading national voice for Community Wind and continues working to remove the barriers for broad local ownership of wind energy. Located in Minneapolis, MN, we work across the country to provide technical assistance, policy support, and general education and outreach about the opportunities for local ownership of wind energy generation. Our work has been influential in ensuring these opportunities exist at both the state and federal level.



Community Wind Definition:

- One or more members of the local community have a significant and direct financial stake in a project of 20 MW or less, (other than through land lease or property tax revenue).
- Eligibility: Any local entity or individual may have up to 100% ownership in one project and no more than 15% in any other qualifying community wind project. (Note: that this is primarily to prevent large projects being divided into many smaller projects all owned by the same entity or group.)

There are significantly more economic, social, and environmental benefits associated with Community Wind projects than with corporate wind projects:

- Community Wind projects create 2-3 times more job opportunities than corporate wind projects;
- Using local lenders and investors revitalizes main street economies in a way that financing from main street does not.
- Community Wind projects are often smaller in size and dispersed geographically this makes them easier to integrate into the existing electric grid.
- Large multi-national owned wind projects often require building massive transmission lines with long timelines and significant price tags
- Community Wind provides distributed generation benefits that include supporting the nation's electrical grid and diversifying our electricity supply.

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Specifically we request the following three actions as a means to support Community Wind and a growing green economy:

1. Extend Section 1603 of tax code regarding US Treasury Cash Grant for 10 years
    a. primarily for Community Wind
    b. all wind projects, if necessary
2. Extend Section 168 of the tax code regarding Modified Accelerated Cost Recovery System (MACRS) with eligibility based on
    a. sliding scale for MACRS benefits based on percent of US Domestic Content of wind turbines
    b. for example if at least 50% US Domestic Content for project equipment then offer the option for the wind project to accept MACRS or a US Treasury Cash Grant equal to 13.5% of the total eligible installed costs (Half of the MACRS credit) and additionally be allowed to utilize a 20-year straight line depreciation schedule for the remaining tax value under MACRS.
3. Provide a national power market. Community projects will only exist if there is a properly funded power market across the country. There are two potential paths – PURPA and Feed-in-tariffs. Both proposals have the same philosophy – create a power market for Community Wind based on independent review of realistic power pricing for new wind generation.
    a. PURPA –PURPA has been around since the 1970's to require utilities to buy renewable energy at "avoided cost" prices. Avoided Cost prices mean the price a utility would pay if they were to build new generation power. Unfortunately, this concept has been perverted by many PUC's and utilities to mean the cost utilities are spending for old, depreciated coal plant. The power prices of these older plants are inexpensive enough that no new Community Wind project can be built for the prices offered by the utilities.
    b. FEED-IN-TARIFFS – A feed-in-tariff funded by a public purpose charge. Seventeen states have had a public purpose charge that has worked well for a number of years that provides funding for renewable energy, energy efficiency, and pre-project support.

In order to have a strong and robust renewable energy industry in the United States, we need to address both ends of the spectrum and ensure that equal opportunities exist for small U.S.-based renewable energy businesses as for large multi-national energy developers. Distributed renewable generation means distributed economic development.

Sincerely,

Lisa Daniels, Executive Director