



Abandoned wind farm in Hawaii (Photo by tonyaardvark.com)

A Subsidy That's Blowin' in the Wind

By Steve Goreham

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The U.S. wind industry is in despair. The Production Tax Credit (PTC), a subsidy of 2.2 cents per kilowatt hour to producers of electricity from wind turbines, is set to expire at the end of this year. The American Wind Energy Association [cites](#) a study by Navigant Consulting, claiming that, "...37,000 Americans stand to lose their jobs by the end of the first quarter of 2013 if Congress does not extend the PTC."

The Natural Resources Defense Council, the Sierra Club, and other environmental groups have rushed to the defense of the PTC. The Sierra Club [states](#), "At a time when we need clean energy more than ever, we simply cannot afford to let the PTC expire." The PTC is the cornerstone of President Obama's green energy program and a key measure supported by environmental efforts to fight global warming.

The Production Tax Credit was established by the Energy Policy Act of 1992 to support the nascent wind industry. But twenty years later, is this subsidy still needed? By the end of 2011, 39,000 wind turbine towers were operating in the United States and about 185,000 turbines were in operation worldwide, [according to](#) the International Energy Agency. This is no longer an infant industry. Despite the large number of wind towers, wind provides less than one percent of U.S. energy and less than one percent of global energy. A one-year extension of the PTC [would cost](#) American taxpayers over \$12 billion.

In September, 19 companies [sent](#) a letter to the leaders of the U.S. House of Representatives, urging extension of the PTC. Why would Johnson & Johnson, Sprint, Starbucks, and other signers of the letter support subsidies for another industry? They voiced concern that “Failure to extend the PTC for wind would tax our companies and thousands of others like us that purchase significant amounts of renewable energy...”

Never has corporate America been so misguided. Foolish policies like the PTC and proactive company programs to buy “green” renewable energy are based on Climatism, the belief that man-made greenhouse gases are destroying Earth’s climate. An increasing body of science [shows](#) that climate change is natural and that human emissions are insignificant. Nevertheless, Johnson & Johnson’s web site [claims](#) a reduction of 23 percent in carbon dioxide emissions from 1990–2010. That emissions reduction and two bucks might get you a cup of Starbuck’s coffee.

While many people would like to power the world with zephyrs, the intermittency of the wind means that wind turbines cannot replace conventional nuclear, natural gas, or coal power plants. The 39,000 U.S. wind turbines [generated](#) only 29% of their rated output during 2011. When the wind doesn’t blow, conventional power plants must provide backup power if continuity of electrical supply is to be maintained.

In fact, electricity sourced from wind turbines does not cut CO₂ emissions from a power system. Because of the rapid variation in the wind, backup coal or natural gas power plants must frequently and inefficiently cycle on and off to support demand. Studies from electrical power systems in [Netherlands](#), [Colorado](#), and Texas show that combined wind-conventional systems *emit more CO₂ and use more fuel* than conventional systems alone.

Wind is also more costly than conventional systems. Analysis from the U.S. Department of Energy (DOE) [shows](#) that electricity from both coal and natural gas is much less expensive than from wind power, without requiring subsidies for operation. The DOE [estimates](#) the world has 200 years of technically recoverable reserves of natural gas, thanks to the hydraulic fracturing revolution. If the theory of man-made global warming is wrong, why subsidize another wind turbine?

The government can always provide subsidies to create jobs or to sustain jobs, but this may not be the best public policy. Thomas Jefferson was correct when he said, “It is error alone which requires the support of government. Truth can stand by itself.” Suppose we let the wind industry compete on its own merit?

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