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Senate must reject extending tax credits for wind and solar power

House passes $1.5 trillion Moving Forward Act

Illustration on tax credits for wind and solar by Linas Garsys/The Washington Times

By Michelle Bloodworth - - *Thursday, July 2, 2020*

ANALYSIS/OPINION:

The U.S. House of Representatives voted this week on a 2,300-page bill that includes tax breaks for wind and solar power that have already cost taxpayers a lot of money. The $1.5 trillion Moving Forward Act extended special tax breaks another five years for wind power and six years for solar power. These tax breaks are unnecessary, expensive and harmful to the electricity grid. They've also become a bad investment.

The federal government has been subsidizing the development of renewable energy sources since Jimmy Carter was president. The tab for these subsidies totals more than $100 billion, of which $71 billion went to wind and solar during the last decade. Subsidies (mostly in the form of tax credits) for wind and solar are estimated to top $60 billion during the current decade.

These subsidies were intended by Congress to lower the cost of renewable energy technologies that were too expensive decades ago to compete on their own with other electricity sources. Although initially a temporary program, Congress has extended these subsidies time after time when they were about to expire. For example, the production tax credit for wind has been extended 12 times since it was scheduled to first expire in 1999.

Billions in subsidies have enabled renewables, especially wind and solar power, to grow. In fact, renewables will be the single largest source of electric generating capacity in the country this year, and renewables are projected to continue growing — even without the tax breaks in the House bill. By 2030, the electric generating capacity of renewables will be almost twice as large as the nation's fleet of coal and nuclear power plants combined. An obviously successful industry doesn't need any more tax breaks. Yet, advocates for renewables brag that growth is "expected to remain strong" even without tax credits.

On the other hand, just about every energy source receives some kind of subsidy so, besides the enormous cost (which is bad enough), what else is wrong with subsidies for renewables?

Tax credits lower the cost of building and operating wind and solar facilities, which gives them a competitive advantage and enables them to replace other electricity sources that don't receive tax credits. For example, a very large number of coal-fueled power plants are retiring, in part, because of renewable tax credits. These coal retirements are bad news for the nation's electricity grid.

First, coal-fueled power plants are reliable because they can operate 24/7. They are not dependent on the wind blowing or the sun shining. Second, coal-fueled power plants also help make our electricity supply resilient against unusually bad weather (for example, polar vortexes and bomb cyclones) and national security threats. Third, they provide fuel security. Both resilience and fuel security have become major concerns for officials who oversee the nation's electricity grid. Wind and solar are neither resilient, nor do they provide fuel security.

In addition, subsidies for renewables have not been a cost-effective investment. The federal government spent more than $34 billion during the last decade on subsidies that helped generate a relatively small amount of solar power. This translates into a subsidy by taxpayers of more than $80 per megawatt-hour (MWh) for electricity from solar facilities. For perspective, the average wholesale price of electricity in the U.S. was less than $45 per MWh in 2018, which means the cost to taxpayers of solar power is almost double the average cost of electricity from other sources.

Every energy resource, including wind and solar, has a role to play as part of our nation's electricity supply, but enough is enough. It's unfortunate the House extended the tax credits for wind and solar. Let's hope wiser heads prevail in the Senate.

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