

Cindy Lash

From: Kimberly Svaty [kimberly@gencursvaty.com]
Sent: Monday, January 23, 2012 10:32 PM
To: Renae Hansen; Cindy Lash
Cc: 'Kimberly Svaty'
Subject: Committee questions regarding the wind industry presentation

Good evening Renae and Cindy,

Below are responses to questions asked by the committee this morning for which I needed to get more detailed information:

1. What is the cost of the PTC to the United States Treasury?

2009 witnessed the most amount of wind generation installed in the industry's history – although 2012 could rival the 2009 figure. I also asked for a forecast for 2011 and FY2012. The forecast for 2011 and 2012 are a bit higher because so many utilities are installing wind in advance of the December 31, 2012 PTC expiration.

- a. 2008: \$600 million or \$0.6B
- b. 2009: \$800 million or \$0.8B
- c. 2010: \$1B
- d. 2011: \$1.1B
- e. 2012: \$1.3B

Certainly in Kansas alone we have seen or will see a positive economic impact which rivals the national "cost" to the US Treasury. I apologize to the committee, I stated that there was a \$3.5 billion impact on the Treasury in 2009 – the year of the most installations. I had just reviewed the 3 year impact – which is roughly \$3.5B.

The key to the PTC is that it is a credit against production meaning that the investment must be made and the product must be producing in order for the credit to kick in. So the incentive does not exist if projects are not installed.

2. Matt Sterling was correct, the PTC was initially 1.5 cents per kilowatt hour when first initiated. The PTC has done as envisioned – it helped spurred industry growth and caused the market place to be even more competitive. The industry however now is doing something no other industry has requested of Congress – it is voluntarily putting forth a plan to guide the industry off the PTC. It is requesting a one-year extension of the PTC as it stands right now followed by a four year phase down to guide the industry off the PTC.

Please let me know what questions I can answer for you!

Best,
Kimberly

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HOUSE ENERGY AND UTILITIES

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ATTACHMENT 1