OPENING STATEMENT
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ENERGY SUBCOMMITTEE HEARING
ASSESSING THE EFFICIENCY AND EFFECTIVENESS OF WIND ENERGY INCENTIVES
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Thank you Chairman Lummis and Chairman Broun for holding this hearing today. I appreciate the opportunity to further discuss the range of instruments that government can utilize to affect change or maintain the status quo in the energy marketplace.

As I stated in our last hearing on energy incentives, my interest in the subject lays firmly in the category of affecting change. For reasons that range from establishing U.S. leadership in the booming global clean energy market, to protecting consumers and domestic industries from energy price shocks, to protecting our children from the severe impacts of a rapidly changing climate, the status quo in energy is simply unsustainable.

I hope that we on the Science Committee can work together throughout this Congress to craft policies that are both forward-leaning and pragmatic, and that we can take lessons learned from past experiences to right-size the role of government in spurring innovation in our energy systems.

In the case of wind energy and the report we are here to talk about today, it is clear that the Majority tasked GAO with finding any evidence of "duplication" among the federal government's wind energy initiatives, but make no mistake - the use of this term is actually very misleading.

To be clear, there are legal prohibitions on combining many of these incentives, so when there is more than one incentive provided to a single project, it turns out that they are very different kinds of support.

And while the Treasury's tax incentives are part of the tax code established by Congress – so they're not optional – the Department of Energy and USDA both carry out rigorous, expert assessments of an applicant's need for additional instruments like a grant or loan guarantee before they allow any of those awards to move forward.

Throughout the report, GAO also notes that, while such examples fall under its broad category of "duplication", they can be a productive use of taxpayer dollars since these incentives often address very different needs.

Most importantly, we need to recognize that there is *nothing* unique about these incentives to the wind industry. Over several decades - or a century, in the case of oil and coal – the federal government has provided hundreds of billions of dollars in support of fossil fuels and nuclear development.

Just to give you a few examples, the current shale gas boom would not have been possible without tax credits and government R&D investment. And nuclear energy projects are eligible to combine production tax credits, loan guarantees, liability insurance, and other important incentives.

We have to acknowledge that the energy marketplace is not a "free" market. For one, as my Republican friends will likely agree, it is heavily regulated at both the state and national level. It is also heavily biased towards favoring incumbent technologies over investments in new, more advanced systems that can deliver cleaner, smarter, more sustainable energy to consumers. Furthermore, the pathway from idea to scale-up is fraught with technical and financial risks that can derail even the most resourceful developers.

The taxpayers want lower-cost, reliable energy with few, if any, harmful environmental impacts, and they increasingly demand more control and more choices in the fuels and technologies they use. Until our policies start to address the numerous market failures that new concepts face, and reevaluate them on a regular basis, we will not lay the groundwork for a truly competitive energy marketplace in the U.S.

The people that drive innovation in our economy – from the National Laboratory and university scientists who push the frontiers of knowledge, to the venture capitalists who put their money on new concepts, to the industrial firms that scale-up manufacturing and infrastructure – all know that government has always played a critical role in making the U.S. the most dominant economy in the world. Our oil, gas, coal and nuclear sectors are a direct result of that.

It is time that we get serious about incentivizing the next winners and doing whatever it takes, from basic and applied research all the way to innovative financing and tax instruments, to ensure that the U.S. has cleaner, more sustainable, and more affordable energy for generations to come.