Congress of the United States
Washington, DC 20515

May 6, 2024

The Honorable Janet Yellen
Secretary
Department of the Treasury
Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Wally Adeyemo
Deputy Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Daniel Werfel
Commissioner
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20224

Secretary Yellen, Deputy Secretary Adeyemo and Commissioner Werfel:

We write today to express concern over recent reports of discarded wind turbine blades in Texas, highlighting the potential unintended consequences of Internal Revenue Service (IRS) clean energy tax credit guidance.[1]

Texas has led the U.S. in wind energy over the past 17 years, largely because its abundant space and optimal wind conditions make it an ideal location to capture this resource. In 2011, Texas became the first state to reach 10,000 MW of wind generating capacity and remained the only state with that capacity until 2020. In 2022, Texas wind generated 40,556 megawatts (MW), accounting for more than 26 percent of all U.S. wind-sourced electricity. Further, the wind electric power generation industry is expected to have tremendous employment growth over the next decade. According to the U.S. Bureau of Labor Statistics, employment of wind turbine technicians is anticipated to grow 44 percent by 2031.[2]

Due in part to recent tax guidance, repowering of wind projects has become an attractive option for many wind project owners in the United States.[3] Generally, wind farm repowering means removing old turbine blades and replacing them with newer, more efficient models. According to previous IRS guidance, each wind turbine, pad, and tower is treated like a separate power plant or

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[1] Gold, Russell. "Thousands of Old Wind Turbine Blades Pile up in West Texas." *Texas Monthly*, 24 Aug. 2023, www.texasmonthly.com/news-politics/sweetwater-wind-turbine-blades-dump/.

[2] Hegar, Glenn. "Wind Power: Energy Is Good for Texas." *Power: Energy Is Good for Texas*, Texas Comptroller of Public Accounts, https://comptroller.texas.gov/economy/economic-data/energy/2023/wind-snap.php. Accessed 11 Dec. 2023.

3 E.g. Notice 2017-04, "Beginning of Construction for Sections 45 and 48," and Notice 2023-38, "Domestic Content Bonus Credit Guidance under Sections 45, 45Y, 48, and 48E."

"facility." The IRS uses the 80-20 test to determine whether the facility is "new" and thus qualifies for the tax credit. [4] That is, the amount spent on repowering the facility must be at least four times the value of the used parts retained from the old turbine, pad, and tower.[5] We have concerns about the fair market valuation of these older wind blades when applying the 80/20 rule. Each wind energy property has distinct development costs, energy output capacity, and contracted electric energy rates that dictate the extent to which the incentives impact the financial feasibility of any wind energy property.

Further, these rotor blades are made of composite materials (e.g., Fiber-Reinforced Plastics, mostly fiberglass and carbon fiber) and pose a significant recycling challenge to the wind industry and the composite materials sector. As Fiber-Reinforced Plastics (FRPs) are complex to recycle, most rotor blades are currently going to either landfills or incineration facilities, until new processes are developed to create a sustainable supply chain.[6] While blade materials are non-toxic, we have concerns about space in landfills and the risks of simply replacing one environmental challenge with another.

In the meantime, the problem is only expected to grow. Around 8,000 blades will be decommissioned in each of the next three years in the United States alone, and once they are buried in a landfill, they will remain there forever.[7] This number will increase as wind power grows as a portion of the country's overall energy mix.

We strongly encourage your vigilant adherence to Congressional intent related to the production and investment tax credits, along with fidelity to the 80-20 rule. While we endorse the wind industry's efforts to enhance efficiency and incorporate cutting-edge technologies into their operations, we emphasize the importance of stringent enforcement. Neglect in this regard could potentially encourage bad actors to take advantage of the industry and worsen a growing environmental concern.

Sincerely,

Marc Veasey
Member of Congress

Jodey C. Arrington
Member of Congress

[4] Notice 2017-04, "Beginning of Construction for Sections 45 and 48."
[5] Tri, Brian, and Wes Karras. Time to Repower Your Wind Energy Site?, Barr Engineering Co., 24 Aug. 2023, www.barr.com/Insights/Insights-Article/ArtMID/1344/ArticleID/536/Time-to-repower-your-wind-energy-site.
[6] Sturgeon, Will, and Acp. "Decommissioned Wind Turbine Blade Management Strategies." ACP, American Clean Power Association, 1 Feb. 2023, https://cleanpower.org/resources/decommissioned-wind-turbine-blade-management-strategies/.
[7] Berg, John. "Wind Turbine Blades: Options at End of Life." *Kleinman Center for Energy Policy*, 14 July 2021, https://kleinmanenergy.upenn.edu/news-insights/wind-turbine-blades-options-at-end-of-life/.