



National Renewable Electricity Standard: Why raise electricity prices?

By Steve Goreham

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Earlier this month, Representatives Jared Polis (D Colorado), Ben Ray Luján (D New Mexico), and Ann Kuster (D New Hampshire) [introduced](#) the National Renewable Electricity Act of 2013 (RES Act), into the US House of Representatives. The act mandates that all US retail electrical suppliers buy an increasing amount of electricity from renewable energy sources, or pay fines for the shortfall. But if the law is passed, it will raise electricity prices for Americans for questionable environmental gains.

The act calls for solar, wind, biomass, geothermal, and other renewables to provide 6 percent of US electricity in 2014, rising to 25 percent by the year 2025. Representative Kuster [says](#), “This common-sense bill will help create good middle class jobs, cut pollution and reduce our dependence on foreign oil—all while saving consumers money on their utilities.” Unfortunately, Ms. Kuster’s statement is not supported by actual industry experience and economic data.

Forcing consumers to buy a product that is more expensive, like renewable energy, never saves them money. A prime example is the recently completed California Valley Solar [Ranch](#) in San Luis Obispo County that was constructed under the 33 percent renewables mandate of California’s Renewable Portfolio Standards (RPS) law. The solar ranch covers a huge area of 1,500 acres, more than 100 times the area of a typical natural gas-fired power plant, but [produces](#) an average output of only about 55 megawatts, less than one-tenth the output of a typical gas-fired plant, at the exorbitant price of \$1.6 billion.

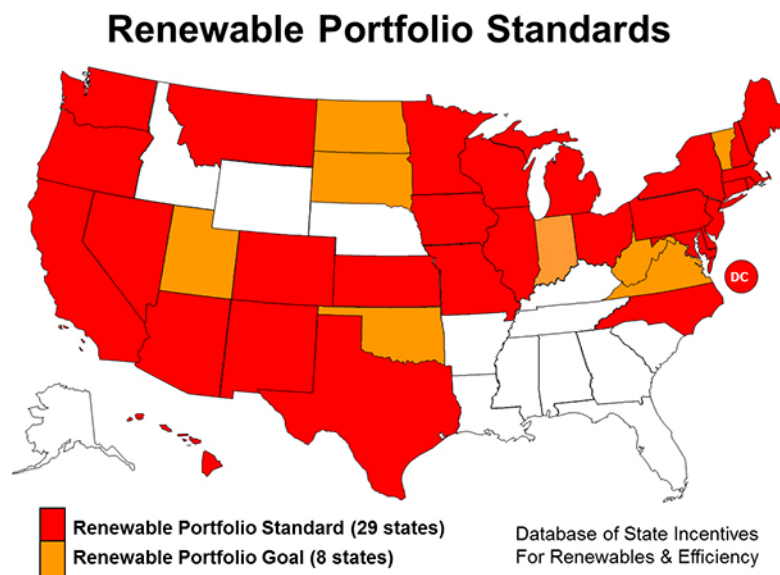
Consumers will pay twice for the California Valley Solar Ranch. Electricity from the ranch will be [priced](#) at 15 to 18 cents per kilowatt-hour, four times the price of current California [wholesale](#) electricity and over 50 percent more than projected prices during the next 25-years. Consumers also paid for a tax subsidy package totaling \$1.4 billion, including a 30 percent federal investment tax credit worth \$462 million a \$1.2 billion US



California Valley Solar Ranch, photo by SunPower

Representative Kuster's comments about reducing "our dependence on foreign oil" are nonsense. Today only 0.7 percent of US electricity [comes](#) from petroleum. Claiming that a national renewable electricity standard will reduce foreign oil imports is about accurate as claiming that it will promote world peace.

Politicians repeatedly state that subsidies and mandates for renewable energy will produce "green jobs." But the Beacon Hill Institute developed more than ten [studies](#) on the impacts of state RPS laws, including Colorado and New Mexico, the home states of Representatives Polis and Luján. In all cases, the implementation of RPS laws was found to increase electricity prices, reduce real disposable income, reduce investment, and cause a *net reduction* in jobs.



Today, 29 states [follow](#) renewable portfolio standards laws and another 8 states pursue renewables goals for electricity. The sponsors of the RES Act want to force mandates on the remaining 13 states, the only states with a sensible energy policy. Note that in 2012, citizens in states without RPS mandates [paid](#) 10.7 cents per kw-hr for residential electricity, about 19 percent less than the 12.7 cents per kw-hr paid by citizens in states with RPS laws on books. Higher electricity prices disproportionately impact the poor, as

larger part of their family budget.

Neither is a reduction in pollution a good reason for a national renewable electricity standard. According to Environmental Protection Agency data, all real air pollutants, including lead, ozone, nitrous oxides, sulfur oxides, and carbon particulates have been [falling](#) for more than 40 years and continue to decline. US air pollution levels have fallen an aggregate 72 percent since 1970. At the same time, US electricity [production](#) from coal is up 115 percent and from natural gas is up 230 percent.

The unmentioned reason for the RES Act is to reduce emissions of carbon dioxide, the greenhouse gas blamed for man-made global warming. But carbon dioxide, a harmless, invisible gas that trees use for photosynthesis, has been wrongly labeled a pollutant. By forcing the construction of expensive wind and solar plants, proponents of the theory of dangerous climate change believe that they can save polar bears, reduce the strength of storms, curb droughts and floods, and probably promote world peace.

But RPS laws don't even reduce emissions of carbon dioxide. Installation of wind systems creates stop-and-go electrical utilities. Output from wind turbines is erratic, forcing back-up coal and natural gas plants to inefficiently ramp power up and down to maintain continuity of energy supply. Studies of utilities in [Netherlands](#) and [Colorado](#) show that combined wind and hydrocarbon systems use more fuel and emit more CO₂ than stand-alone hydrocarbon-fired plants.

Rather than enacting a national renewable electricity law, we should instead roll back our costly state RPS laws. Suppose we return to energy policy based on economics and common-sense, rather than global warming ideology?

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