

Renewable Energy Mandates Cost Texas Consumers

Bill Peacock

Texas Public Policy Foundation

Why Advocates Support Renewable Energy Mandates

- Mandates promote a sensible energy policy which
 - Protects against price increases
 - Meets future energy needs reliably
 - Protects the environment
 - Diversifies supply of energy resources



Renewable Energy Mandates are Not Consumer Friendly

- SB 7 set up consumer-driven energy market in Texas
 - Consumers can choose energy providers in many parts of the state, including green energy providers
 - Even where consumers cannot choose a green energy provider, they can often support green energy, e.g., GreenChoice in Austin

Renewable Energy Mandates are Not Consumer Friendly

- The consumer-driven market provides the most efficient allocation of resources
- If businesses and consumers value renewable energy, there is a mechanism in place to ensure that demand is met
- Mandates disrupt the market, distort prices and allocation of resources and make production less efficient/more costly

Renewable Energy is Expensive

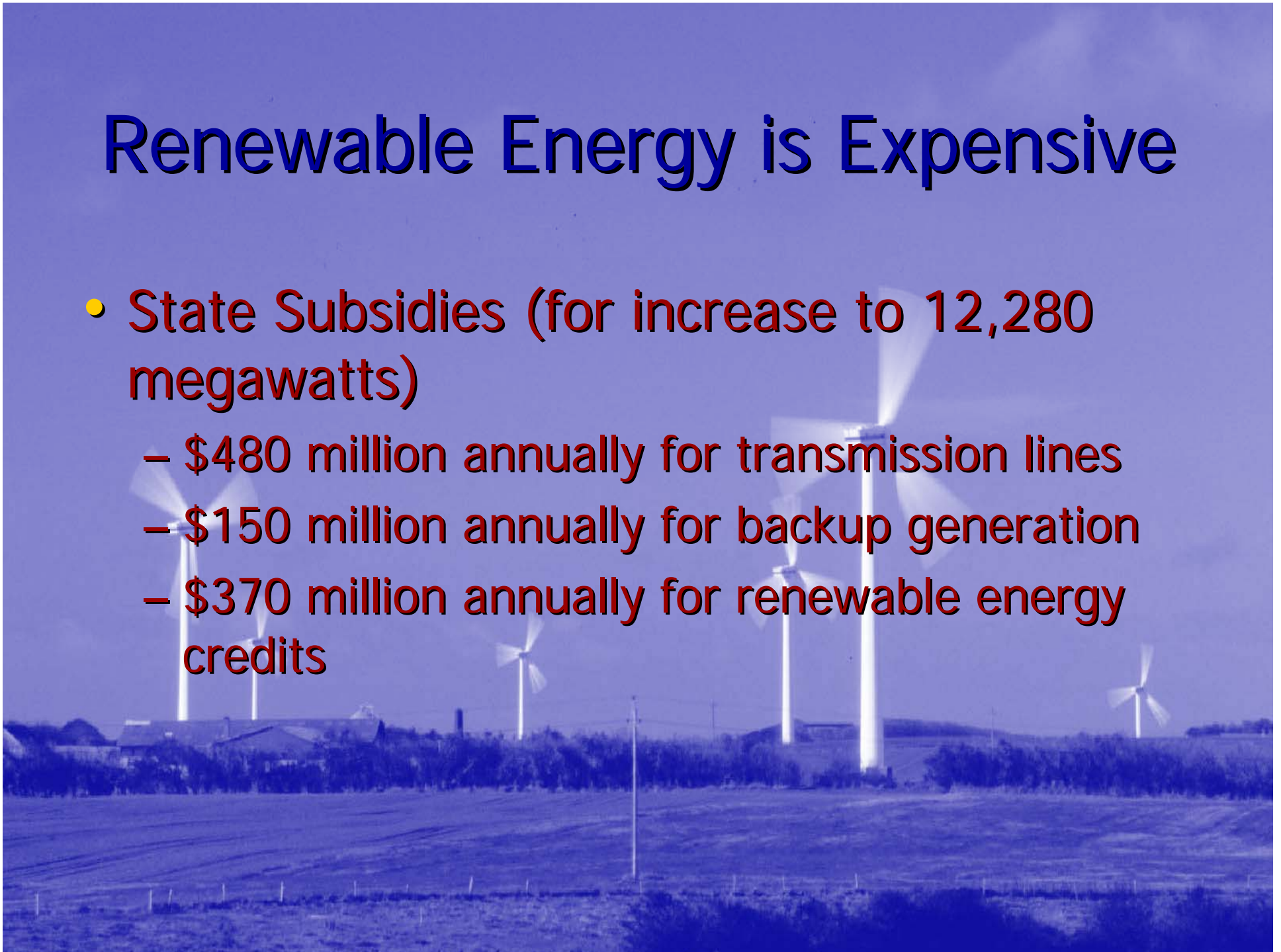
- Renewable energy advocates claim that it offers “protection against rising fuel prices”
- Yet even today, with high energy prices, consumers pay more for choosing renewable energy
- When is the protection going to benefit consumers?

Renewable Energy is Expensive

- At the state and federal level, renewable energy is subsidized
- Federal Subsidies
 - \$2.7 billion in federal production tax credits
 - \$4,700 in federal research expenditures per thousand kWh of wind energy produced vs. 5 cents for nuclear and coal

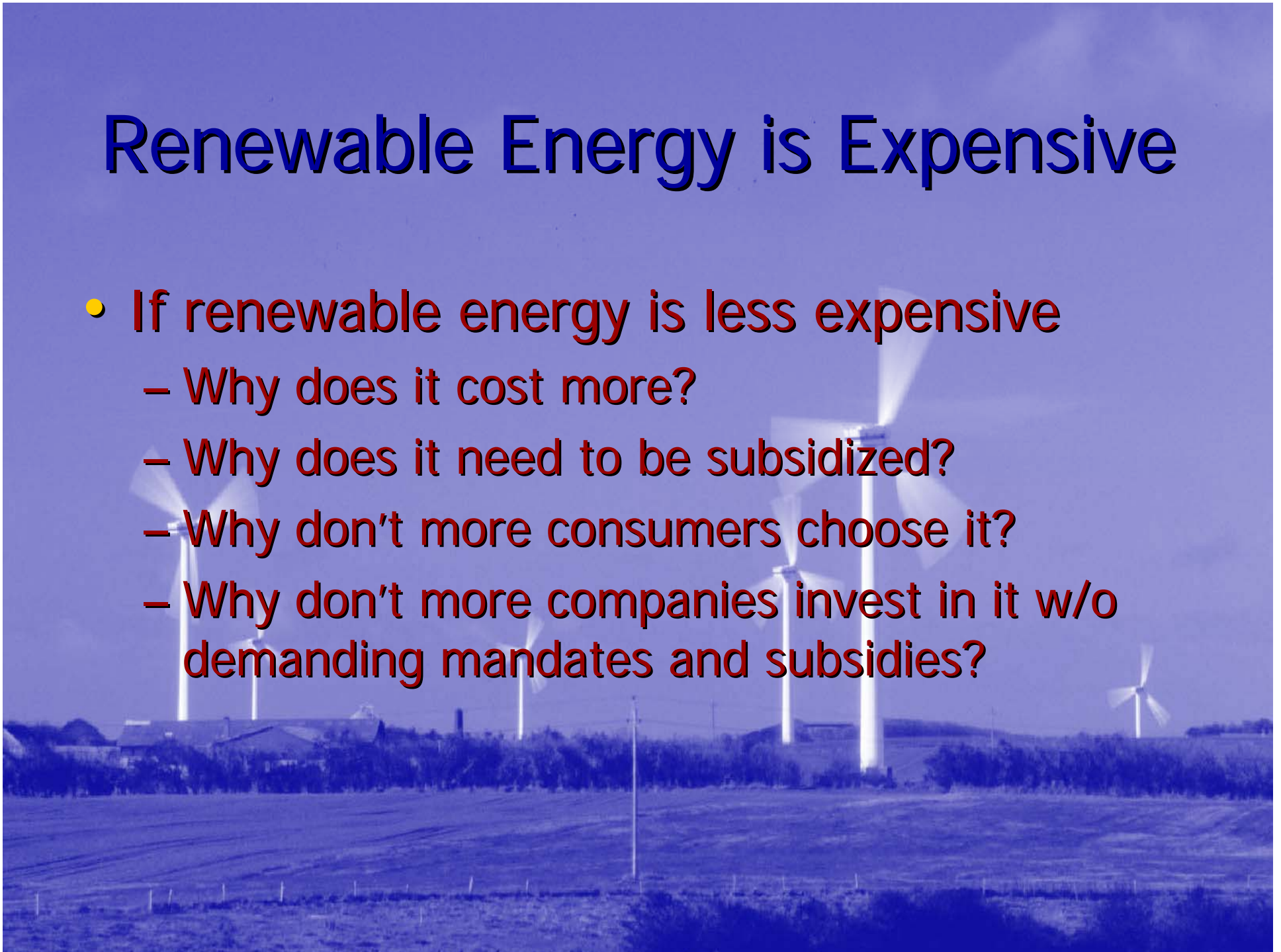
Renewable Energy is Expensive

- State Subsidies (for increase to 12,280 megawatts)
 - \$480 million annually for transmission lines
 - \$150 million annually for backup generation
 - \$370 million annually for renewable energy credits



Renewable Energy is Expensive

- If renewable energy is less expensive
 - Why does it cost more?
 - Why does it need to be subsidized?
 - Why don't more consumers choose it?
 - Why don't more companies invest in it w/o demanding mandates and subsidies?

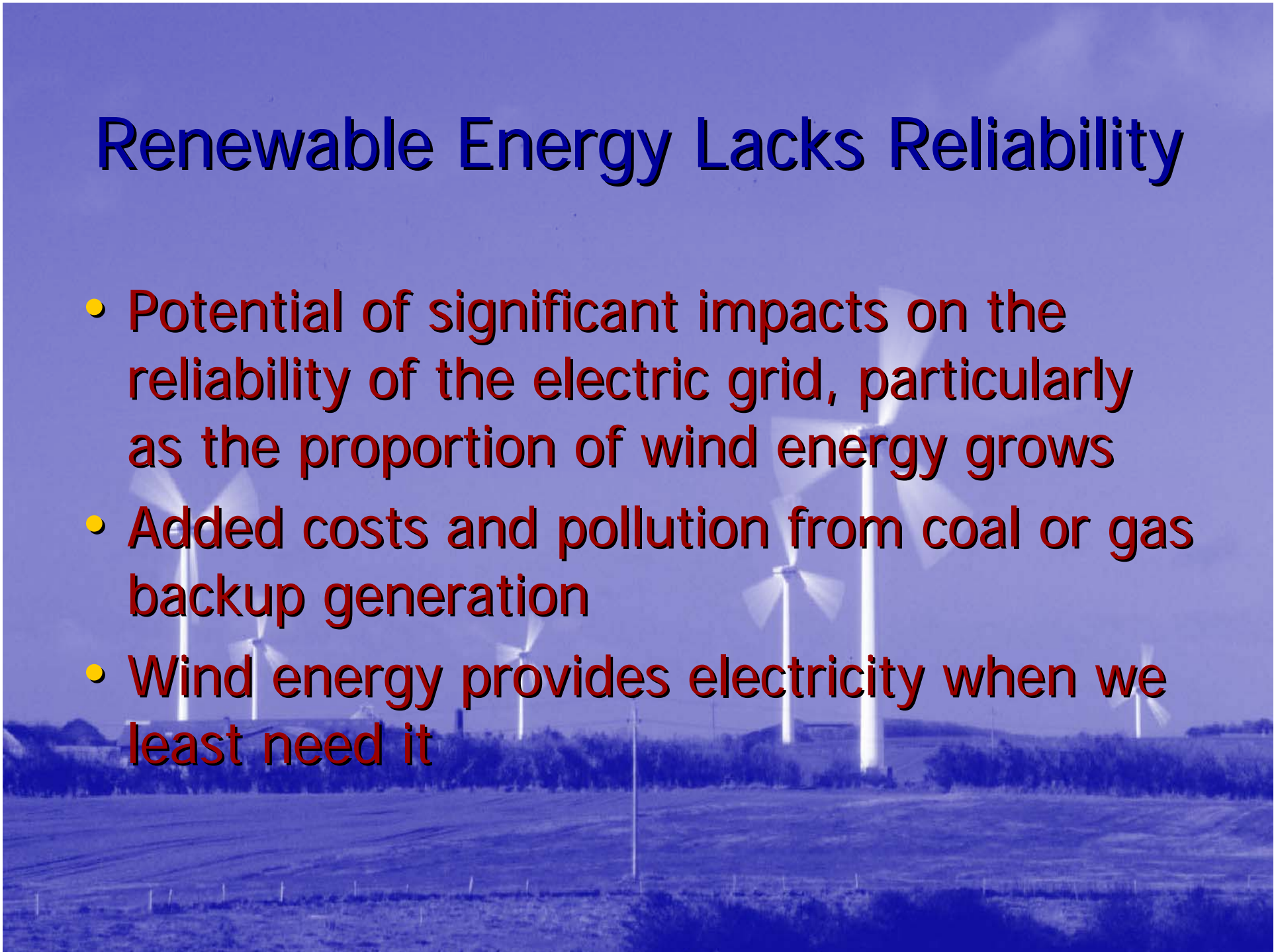


Renewable Energy Lacks Reliability

- Wind energy is primary source of renewable energy in Texas
- The main electricity supply challenges we face are at the margin – at times of peak demand
- Peak demand occurs generally in the hot days of summer, precisely when wind energy is least available

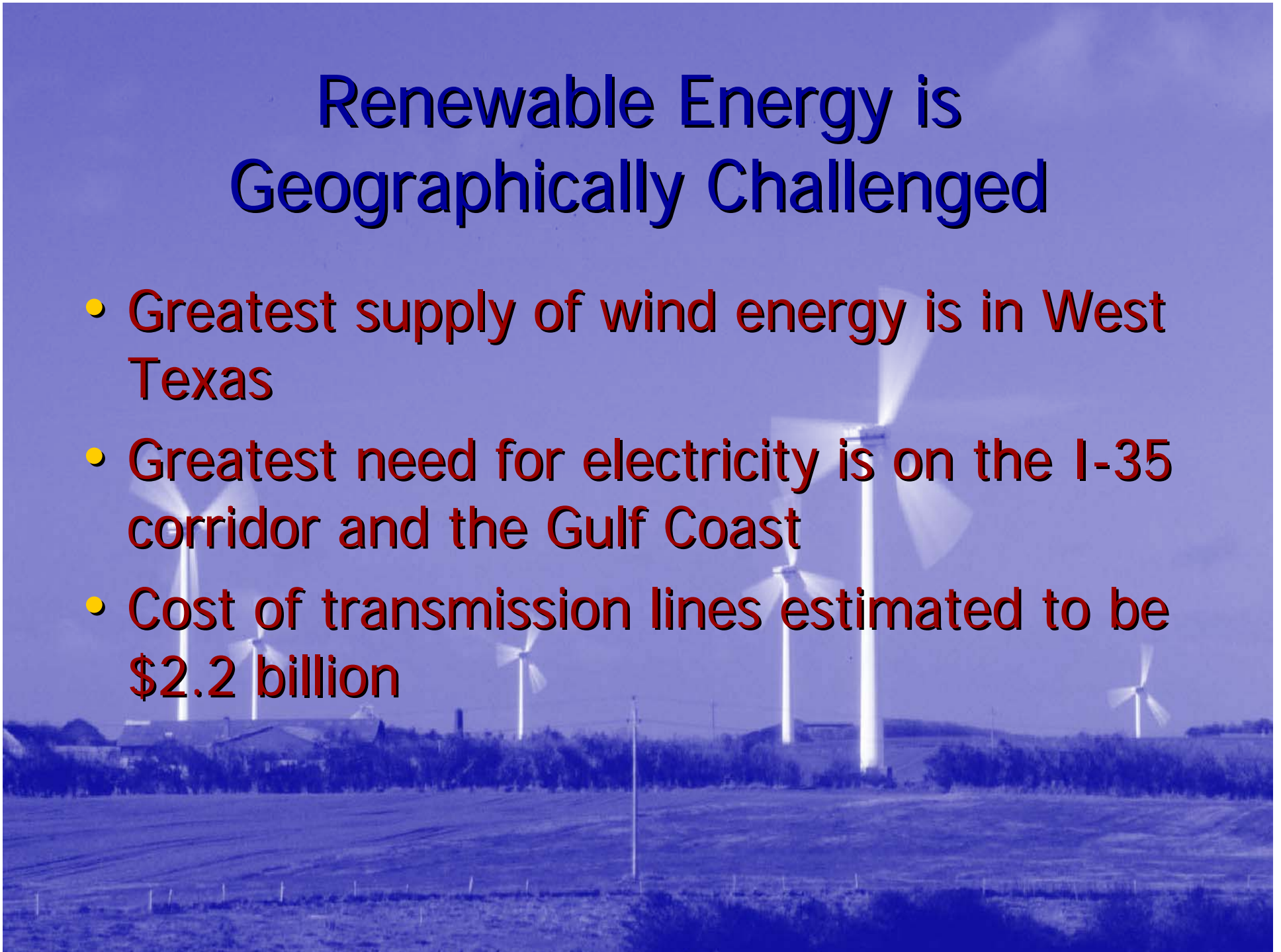
Renewable Energy Lacks Reliability

- Potential of significant impacts on the reliability of the electric grid, particularly as the proportion of wind energy grows
- Added costs and pollution from coal or gas backup generation
- Wind energy provides electricity when we least need it



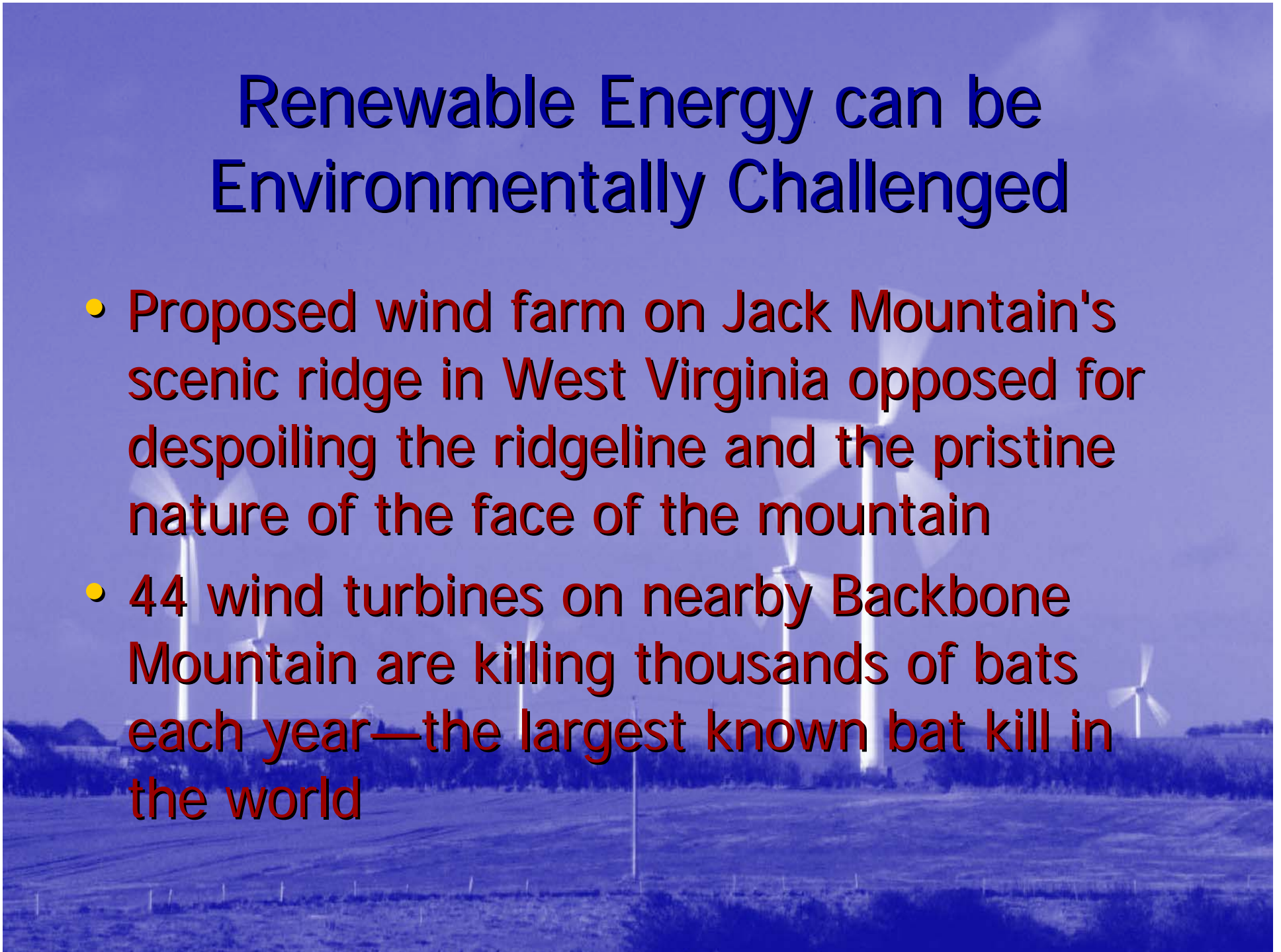
Renewable Energy is Geographically Challenged

- Greatest supply of wind energy is in West Texas
- Greatest need for electricity is on the I-35 corridor and the Gulf Coast
- Cost of transmission lines estimated to be \$2.2 billion



Renewable Energy can be Environmentally Challenged

- Proposed wind farm on Jack Mountain's scenic ridge in West Virginia opposed for despoiling the ridgeline and the pristine nature of the face of the mountain
- 44 wind turbines on nearby Backbone Mountain are killing thousands of bats each year—the largest known bat kill in the world

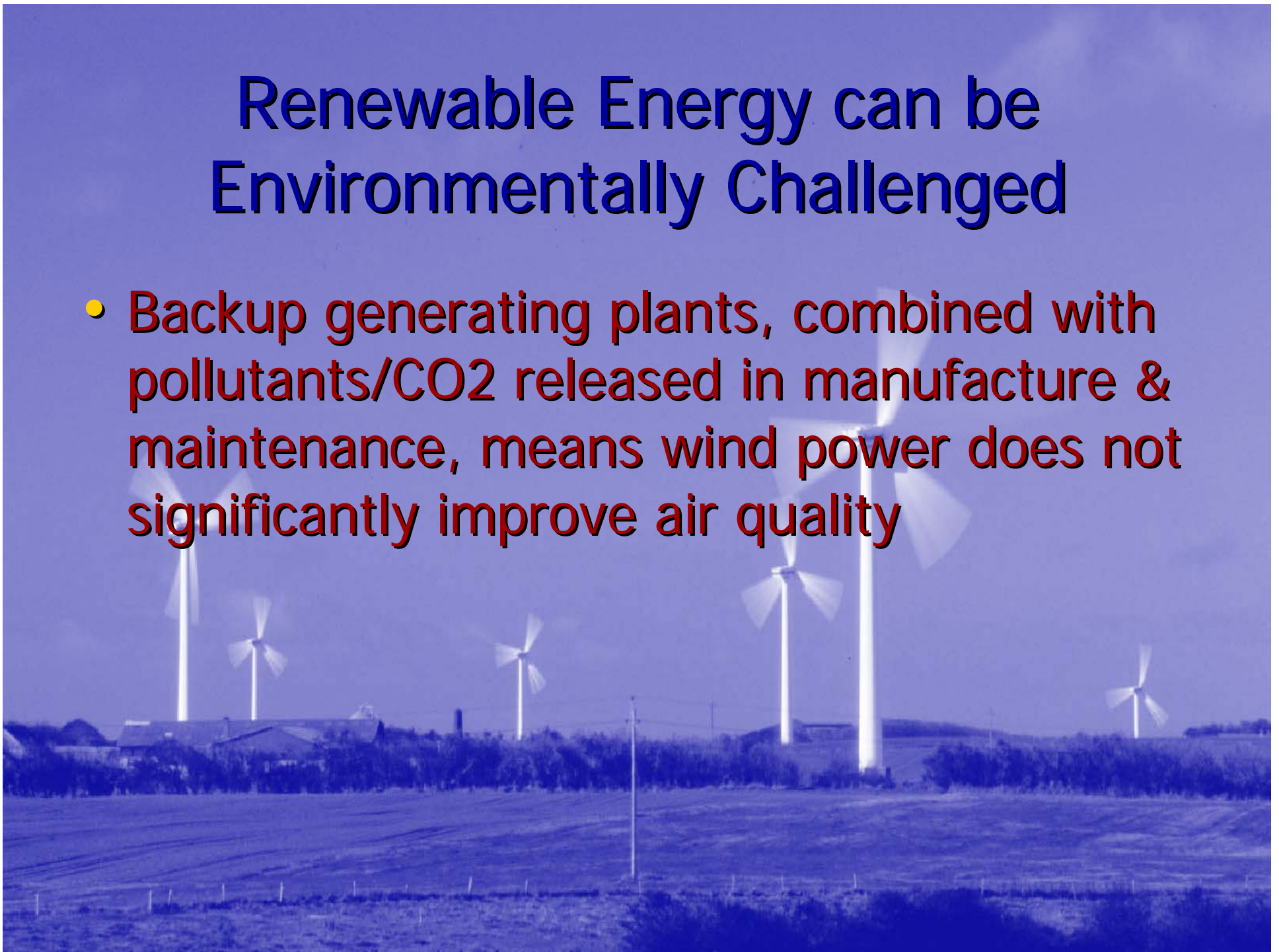


Renewable Energy can be Environmentally Challenged

- Proposed wind farm in Chautauqua on Lake Erie will stretch across a narrow flyway which will see an estimated 16,000 raptors and 118,000 migrating songbirds each year
- Study finds massive wind farms could significantly increase surface drying and soil heating, affecting agricultural or range use on or near the wind farms

Renewable Energy can be Environmentally Challenged

- Backup generating plants, combined with pollutants/CO₂ released in manufacture & maintenance, means wind power does not significantly improve air quality



Sustainable, Cost Efficient and Eco-Friendly Alternatives to Renewable Energy

- Eco-friendly drilling techniques allow extraction of new supplies of oil & natural gas
 - There are 10 billion barrels of recoverable oil in Alaska's Arctic National Wildlife Refuge
 - Reserves off America's coasts are estimated to contain 16 billion barrels of oil and 70 trillion cubic feet of natural gas

Sustainable, Cost Efficient and Eco-Friendly Alternatives to Renewable Energy


- Clean nuclear power
 - Supplies 85% of power in France
 - Operates at 90% of capacity (vs. 40%)
 - Costs 1.7 cents per kilowatt-hour
- Public/private sector projects seeking methods to filter pollution/greenhouse gases from existing power facilities

Sustainable, Cost Efficient and Eco-Friendly Alternatives to Renewable Energy

- Extracting petroleum from oil tar sands in Western Canada (more reserves than Middle East) is now economical at today's energy prices
- U.S. has 750 years of coal reserves and is developing technology to scrub pollution from every lump

A Sensible Energy Policy w/o Renewable Energy Mandates

- Allow consumer-driven energy market to allocate resources most efficiently
- Allow costs to be accurately reflected in prices
- Reduce burdensome regulations which hinder exploration of new energy reserves and development of nuclear energy
- Promote generation from new/renovated traditional facilities with new technology



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