

The true cost of 'renewables'

ANTONY DAVIES & JAMES R. HARRIGAN | Saturday, April 23, 2016, 9:00 p.m.

In 2004, Pennsylvania passed the Alternative Energy Portfolio Standards Act, which required that the electric industry supply 18 percent of the commonwealth's power through alternative energy sources by 2021. The good news is that Pennsylvania is on track to meet the dictates of the law. The bad news is that meeting the dictates is extremely costly.

Renewable Portfolio Standards (RPSes) have been adopted in 29 states, Washington, D.C., and three U.S. territories. Their purpose is to create artificial demand for alternative energy — solar and wind, among others. Pennsylvania also includes electric generation from waste coal, hydroelectric and municipal solid waste in its law. The demand is artificial because, left free to choose for themselves, energy producers and consumers would opt for electricity provided by cheaper fossil fuels. The additional cost of mandatory renewable energy is, predictably, passed along to pretty much everyone.

A study conducted on all RPS states by the Institute of Political Economy at Utah State University recently found that the hidden costs of this feel-good, green legislation likely dwarf what lawmakers could have imagined in 2004. Based on national averages, renewable energy standards created enough of a drag on the economy to reduce Pennsylvanians' personal incomes by almost \$20 billion from 2004 through 2009.

Although 2009 is as far as the data currently go, if the \$4 billion annual drag has continued since 2009, alternative energy standards have cost Pennsylvanians almost \$50 billion to date. That's \$10,000 in lost purchasing power for each Pennsylvania household.

It's like adding nearly \$70 every month to each household's electric bill. Industrial electricity sales were almost 14 percent lower in RPS states and their unemployment rates almost 10 percent higher. Applied to Pennsylvania, that translates into 50,000 fewer jobs by 2009 than there would have been without renewable energy mandates.

That doesn't mean that renewables aren't in our future. It does mean that the future is farther down the road than alternative energy advocates — and the politicians who mandate their wishes — believe. Imagine if, when the Internet was born, the government decided that we needed to invest immediately in fiber optics. The investment would have been a waste. Our homes were already interconnected with copper phone wires. The Internet was largely text, few pictures and almost no video. Copper wire was more than adequate to the job.

What we really needed were better modems, faster computers and improved graphics. By the time we needed the speed of fiber optics, technology elsewhere had improved to the point that fiber optics not only was much less expensive to develop but, in many, cases leapfrogged by wireless technologies.

The question is when, not whether, alternative energy is a good idea. Given the drain on Pennsylvania's economy that has flowed directly from the Alternative Energy Portfolio Standards Act, the obvious conclusion is “not yet.” As technology advances, renewable energy will become cheaper and markets will shift to renewables as a matter of course. Mandating the shift before the technology is ready simply wastes our resources.

Always we should work toward a more perfect world. But the real world Pennsylvanians live in is constrained. And they would likely vote to keep their \$70 a month. It's a pity no one ever asks them.

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