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Response to corporate wind and their lobby on claims that RPS report was flawed

LOGAN, Utah — Early this year, the American Wind Energy Association (AWEA), a wind energy Washington, D.C. advocacy group, sought to downplay an Institute of Political Economy's report, "True Cost of Energy: Wind," claiming the report is "[flawed throughout](#)." In their response, AWEA predictably defends their own subsidies by attacking others', ignoring the fact that our study is only intended to present findings, not advocate for any one source of energy. AWEA's claims do not stand up to realistic analysis or critical thinking.

First claim: "Wind energy's incentives should be put in perspective," and "other sources of energy receive similar incentives."

As AWEA asserts, the federal government has incentivized conventional sources of energy as well as renewable sources. Additionally, conventional sources of energy, (as AWEA points out), have received subsidies for much longer than renewable sources. The report on the true cost of wind simply analyzes the cost of wind power to the American taxpayer and to electricity consumers. It does not defend or advocate for particular sources of energy. The report concludes that subsidies for wind power increase the burden on taxpayers and drive up the price of electricity for consumers.

The wind study is the first in a larger set of studies that examine the true cost of fossil fuels like coal, natural gas, and also solar. In each report, the research analysts examine federal and state policies that have been enacted to support or discourage both renewable and conventional

sources of energy. These reports find that subsidies for both conventional and renewable sources distort the energy market and harm taxpayers and electricity consumers.

Second claim: AWEA blog post contradicts itself by claiming that, "Renewable Portfolio Standards bring significant benefits at little cost."

In one paragraph, AWEA cites a study by DBL Investors claiming electricity rates in the "Top 10 Leading Renewable States" are lower than electricity rates in the "Bottom 10 Lagging Renewable States." In the very next paragraph, however, the author cites an [NREL study](#) claiming, "the incremental cost of RPS laws is less than 4 percent of electricity rates in every state studied." The study implies that costs actually did go up, although perhaps not by as much as other estimates claim. The [NREL study, however](#), also admits that its estimates of RPS costs across states are imperfect because "the data presented most closely correspond to the costs borne by utilities or other load serving entities; they do not represent net costs to society, nor do they necessarily represent the costs ultimately borne by ratepayers."

Regardless of this inconsistency, our study shows that mandated renewable energy costs more than conventional sources and requires extensive government subsidies. Further, because an RPS requires a certain percentage of a state's electricity to come from renewable sources, the price of electricity increases for individuals and families. The analysis shows that the increase in retail electricity rates may not be immediately obvious because subsidies and tax policies mask the true cost of producing electricity from renewables. This reality is the core point of trying to understand the true cost of wind energy.

While some renewables, such as hydropower, are cost-effective, RPS generally focus on increasing production from wind and solar, which are much more expensive than conventional energy sources. Some states with high levels of renewable energy production, such as Idaho, do not have RPS but still enjoy plentiful low-cost hydropower resources that contribute to lower electricity prices in those states. In 2013 [Idaho](#) generated 58 percent of its net electricity generation from hydropower, while enjoying the fourth lowest electricity rates in the nation. States that do not have abundant hydropower resources, however, are not able to take advantage of renewables in an economically feasible way.

AWEA implies that the [DBL study](#) "debunks" the claim that an RPS increases electricity rates. This is a misreading of the DBL study. The study found that, in 2013, states with the most renewable production had electricity prices lower than states with the lowest production from

renewables. This does not mean, however, that RPS were the cause of lower electricity rates in states with more renewables.

Third claim. AWEA incorrectly claims the IPE report contradicts itself regarding the cost of producing wind energy versus the price consumers pay.

The central point of the true cost of wind report is that subsidies mask the true cost of wind power - they do not actually lower the cost. The Production Tax Credit (PTC) allows wind power producers who began construction before the end of 2014 to pay utilities \$23 per megawatt hour to take their electricity. As a result, they can undercut other wholesale producers, such as conventional energy, sometimes reducing wholesale electricity prices.

That does not change the fact, however, that wind power is extremely expensive to produce and would not be economically viable without subsidies. Federal support for wind power does not lower the cost of wind power. It simply transfers costs to American taxpayers who will have to foot the bill for the PTC through higher taxes.

Fourth claim: AWEA claims that, "Transmission lines save consumers money."

While it's true that a lack of sufficient transmission capacity would harm consumers, the IPE report does not criticize transmission lines themselves. Instead, it suggests that the growth of wind power due to federal and state incentives has created demand for building new transmission lines to connect remote wind farms to the electrical grid—costs that would not otherwise be necessary.

Wind power is non-dispatchable, meaning it cannot be generated on demand or in any given location. Wind power potential varies greatly across the United States, and many prime wind power locations are far from population centers where electricity is demanded. Building transmission lines to these remote locations is expensive, and those costs should be considered in the true cost of wind energy.

Fifth claim: "purporting to calculate the 'True Cost of Wind Energy,' while ignoring the significant pollution it avoids is ignoring the elephant in the room."

As the IPE report notes, politicians generally enact policies to boost wind power in the hopes of realizing some environmental benefits. While it's true that generating electricity from wind

creates fewer carbon emissions than conventional sources and may well have some environmental benefits, those benefits are reduced by at least three factors:

- First, because wind power is not consistent, conventional baseload power must be available to produce electricity when wind is not available. These back up generation techniques are most commonly natural gas generation plants that have [their own environmental impacts](#).
- Second, wind turbines have their own direct environmental footprint. The environmental costs of mining the materials needed to produce turbines, building the turbines, and transporting them to where they will be installed is a cost that should be considered in calculating the environmental benefits.
- Third, wind turbines kill thousands of birds and bats every year. A [2013 study by Mark A. Hayes](#) found that an estimated 600,000 bats may have been killed by wind turbines in 2012 alone.

Despite wind industry-backed attempts to debunk an academic, peer-reviewed study, the core criticisms fail to address the central concerns about the true cost of wind. Federal and state support for wind power mask the true cost that is borne by American taxpayers and electricity ratepayers.

At Strata, our mission is to help people make informed decisions about issues that impact the freedom to live their lives. We work to achieve more prosperous and free societies by affecting a change in the climate of ideas. We do this by conducting robust research on energy and environmental issues, informing policy makers, citizens and civic leaders, and by mentoring high-achieving students to become future decision makers. Strata is located in Logan, Utah. We draw from the collective academic strength and ideas from the faculty and students at Utah State University and a strong network of academics and professionals throughout the world.

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