

# POLICY CLAIMS OF AWEA TO ATTRACT YOUR TAX DOLLARS

## Renewables Portfolio Standard

**Description:** The renewable electricity standard (RES), also known as a renewable portfolio standard (RPS), uses market mechanisms to ensure that a growing percentage of electricity is produced from renewable sources, like wind power. The RES provides a predictable, competitive market, within which renewable generators will compete with each other to lower prices. RES policies can exist at the state and federal levels.

### Benefits of an RES:

Helps Keep Electricity Bills Low:

- Diversifying the power supply by developing America's homegrown renewable energy resources helps shield consumers from spikes in energy prices.
- Does not pick technology "winners" and "losers," but allows renewable energy technologies to compete against each other to further drive down costs.
- Is competitively neutral because it applies equally to all competing market participants.

Spurs Economic Development:

- An RES will create jobs and income in rural areas.
- Each large utility-scale wind turbine that goes on line generates over \$1.5 million in economic activity. Each turbine also provides about \$5,000 in lease payments per year for 20 years or more to a farmer, rancher or other landowner.
- Wind projects in rural areas contribute significantly to the local tax base.

Strengthens Energy Security:

- Increasing our use of renewable sources diversifies and decentralizes our energy infrastructure.

Helps Achieve Cleaner Air:

- The increased use of electricity from renewable resources can help reduce emissions of harmful air pollutants and of carbon dioxide (a leading greenhouse gas).

**Current Status State RES:** 26 States and the District of Columbia have adopted RES requirements.

**Current Status National RES:** Legislation to establish a national RES has been considered by the U.S. Congress since 1997. Since that time, the Senate has passed RES proposals on three separate occasions. In 2007, for the first time in history, the U.S. House of Representatives voted in favor of including an RES as part of its energy bill. This bill would have established a 15% RES by 2020 and allowed 4% of the standard to be met through efficiency improvements, should states so choose. The Senate energy bill did not include a RES due to the uncertainty that the 60 votes needed to overcome a likely filibuster would have been secured.

**Current Legislation:** The 111th Congress may consider national RES legislation in early 2009.

# SENSIBLE EVALUATION OF AWEA'S POLICY BIDDINGS

## Renewables Portfolio Standard – Not as good as it sounds

**Description:** The renewable electricity standard (RES), or renewable portfolio standard (RPS), creates a false market for renewable energy, primarily wind power, by imposing financial penalties on electricity retailers for failing to meet an arbitrary and typically increasing percentage of electricity they sell, from renewable sources like wind power.

**Every RES leads to an increase in electricity rates and/or public tax burden.** This is because increasing percentages of non-dispatchable energy production, such as wind power, require “load-following” generators (typically fueled by natural gas) that can produce required electricity in periods when demand above base load exceeds supply because uncontrollable wind levels fall off. Less than 10% of wind energy’s installed capacity rating can be relied on during peak demand times, so 90% of wind energy projects are “redundant” infrastructure.

For now, a portion of our taxes covers much of that additional cost, at the expense of other programs funded by the tax base such as schools, roads, law enforcement, parks, human services, etc. Eventually, though, our electricity bills may carry more of the burden for inefficient energy strategies such as wind power.

The RES concept creates an unfair advantage for expensive and unreliable players like wind power by interfering in least cost decisions in the free market, raising the cost of all traditional generation strategies above a certain penetration level into the overall “generation mix.”

## Helps Keep Electricity Bills Low?

- Diversifying the power supply with energy sources that produce to demand at fixed (or free) fuel cost could theoretically soften spikes in energy fuel prices. Unfortunately, wind energy cannot produce to demand and so cannot effectively replace the fuels with price volatility. It is more likely the price of wind energy will be whatever the market will pay, which will also rise with higher fuel prices.
- Even the windiest areas of the US can't make wind energy a self sustaining enterprise, but carrying energy from high wind areas to populated “load centers” is also very costly. To reach the bulky size the wind industry envisions for itself, a massive expansion of the nation’s electricity transmission systems will be needed. Low utilization of and higher losses through a longer transmission infrastructure carrying primarily wind power means either longer payback or higher transmission charges on your bill. Wind power advocates often ignore the cost of required transmission expansion and companion generation when estimating the “cost of wind energy.”
- The RES severely interrupts competition by dictating how much of what kinds of

power consumers can consume at the levels of demand where competition is most dynamic.

### Spurs Economic Development?

- Yes, an RES will create a few jobs and income in rural areas, but it is telling when a heavily subsidized industry includes “job creation” in their headline benefits list.

Lease payments to land owners fall into the range of 3 to 5% of equivalent gross revenue from wind energy projects, and local payroll for running wind factories is likely in the same range. But 50 to 70% of that equivalent revenue stream results from government concessions.

- The number of jobs created by any venture benefits the economy, but will generally kept to a minimum in a competitive environment. Competition is often credited with keeping consumer costs low over time, so “creating more jobs” is not likely to be part of a competitive business strategy. And more expensive, less reliable electricity would have a negative influence on many industries considering, or already operating in an RES district.

### Strengthens Energy Security?

- Increasing our use of renewable sources diversifies and “decentralizes our energy Infrastructure” not only implies also that our energy infrastructure is likely to be attacked, but that if it is, wind energy will mitigate the impacts of such an attack. Due to its likely penetration level and intermittent productivity, this is a far fetched claim.

“Decentralizing our energy infrastructure” also implies a massive transmission grid expansion that could have significant implications on your electricity bills, raising prices on all energy intensive goods and services in the process, and making the United States not only uncompetitive in labor rates, but also in electricity rates.

### Helps Achieve Cleaner Air?

- The claim in question is “increased use of electricity from renewable resources can help reduce emissions of harmful air pollutants and of carbon dioxide (a leading greenhouse gas).”

The degree to which wind power would do this is not quantified here because that amount is embarrassingly insignificant as a percentage of the whole. This is true whether you believe atmospheric CO2 is dangerously high or not.

**Current Status of State RES: 26 States and the District of Columbia have adopted RES requirements.** This is a “bandwagon appeal” marketing gimmick, implying that 26 states can’t possibly be wrong, and that rejecting RES proposals for your uncommitted state couldn’t possibly work its advantage. This is simply not true. Adopting potentially costly

government intervention programs, possibly destabilizing electricity reliability while raising rates, scarring hundreds, possibly thousands of square miles of wildlife, recreational and residential habitat in the process is not necessarily right for your state.

**Current Status National RES: Legislation to establish a national RES has been considered by the U.S. Congress in the past.**

Be careful, or we could get “all the government we pay for!”

Only in an unbalanced, super-majority controlled federal government could such a wasteful and controlling idea become law. You are encouraged to defend your position with independent, unbiased and scientifically valid, peer reviewed energy generation research from organizations such as The American Society of Mechanical Engineers. Make the most of our “energy dollars!”

**Current Legislation:** The 111th Congress may consider national RES legislation in early 2009. Please be educated and proactive to defeat such a bill, should it surface!