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THE HOT BLOG

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Renewable-Energy Sticker Shock [Drew Thornley]

These days, everyone seems to have big plans for major changes in the U.S. energy sector.

Barack Obama wants to “put 1 million plug-in hybrid cars — cars that can get up to 150 miles per gallon — on the road by 2015.” John McCain says he will “commit \$2 billion annually to advancing clean-technologies.” And just last week, the Bureau of Land Management and the U.S.D.A. Forest Service identified 197 million acres of federal lands in 12 Western states that it proposed to lease for geothermal development.

Most of today’s energy plans are premised on the notion that government has to *do something* to meet our energy challenges — and that something generally involves promoting green or renewable energy through substantial subsidies, at substantial cost to consumers and taxpayers. Absent is any consideration of the true cost and practicality of the plans, or any alternative means — like the marketplace — by which our energy goals might be achieved.

This certainly holds true in Texas, which generates more electricity from wind than any other state.

The Lone Star State’s renewable-energy mandates — combined with the federal government’s generous tax credit for wind-energy production — have helped Texas become the nation’s leading installer of wind-energy capacity. You won’t find much opposition here to wind energy’s rapid expansion, because so much money is pouring into the state. It’s all fun and games — until Texas consumers pay the long-term price for everyone else’s short-term gain.

And pay they will. In my just published study, *Texas Wind Energy: Past, Present, and Future* (PDF [here](#)), we estimate that forcing even modest levels of wind-energy generation on Texans will cost ratepayers and taxpayers up to \$4 billion a year, and at least \$60 billion through 2025. Apply these numbers on a national scale with the idea of replacing coal or natural gas — or both — with wind, and the numbers become staggering.

But cost isn’t the only challenge that confronts wind energy’s expansion. Its intermittent nature, the lack of large-scale electricity storage, and the limitations on electric transmission also limit the role wind can play in powering our future.

The greatest impediment to wind’s large-scale contribution to our energy supply is its intermittent nature. The wind must blow in order for wind turbines to produce power — peak capacity comes when the wind blows at about 31 miles per hour. But because those conditions are rare, wind turbines typically produce only around 30 percent of their installed capacity over time. As in many other places, the wind in Texas blows



least when we need it the most. The Electric Reliability Council of Texas (ERCOT) relies on a mere 8.7 percent of wind power's installed capacity when determining available power during peak summer hours.

The reason that intermittency is an issue for wind is because electricity cannot currently be stored on a commercial scale. Without adequate wind-power storage — to save the power of evening breezes for use during midday doldrums — wind-generating units must be backed up by units that generate electricity from conventional sources. In Texas's case, that means natural gas, a fuel source with extreme price volatility. Thus, wind energy is currently an inherently less valuable resource than fuel sources requiring no backup. Although efforts to develop large-scale storage are underway, such technology is probably decades away.

Even if the technology existed to deliver wind-generated electricity when needed, Texas and most other places lack the infrastructure to transmit it from the areas most suitable for wind-energy generation to the areas most in need of the power. Of course, infrastructure can be built for the right price. For Texas consumers, that price should top \$17 billion by 2025.

So much for wind energy being free, as some would claim. The wind itself may be free, but getting it from the prairie to your power tools is anything but. Combine the transmission costs with production costs, subsidies, tax breaks, economic disruptions, and grid management costs, and you find yourself facing that \$60-billion price tag.

Wind, like every other energy resource, has its pros and cons, and there is no doubt that wind power should be part of the nation's energy options. We need a variety of fuel sources, plus concerted efforts at conservation and efficiency, in order to meet our energy needs. But the marketplace — rather than government mandates and subsidies — is the means by which all of this should be determined. Otherwise, higher electricity prices for U.S. consumers will be here to stay.

— *Drew Thornley is a natural-resources policy analyst for the [Texas Public Policy Foundation](#), a non-profit, free-market research institute based in Austin.*

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