



January 19, 2010
Costly Misconceptions

With all the information available showing that Governor Doyle's global warming bill, AB 649, will harm our state's economy, you may wonder why anyone would still support it. I believe there are misunderstandings over the true costs of renewable energy sources and the extensive negative effects the legislation will have on our economy. Here are some examples.

On a recent Wisconsin Public Radio interview, a caller asked how I could contend that wind energy was so expensive. The caller believed there was little-to-no cost beyond the initial construction, stating that once the windmills are up you don't have to pay for the wind.

In reality, electricity generated from wind energy is significantly more expensive than electricity generated from fossil fuels. Global warming proponents know wind is more expensive to produce than fossil fuels; therefore they are constantly trying to subsidize or mandate it. If wind were more economical, utilities would be constructing windmills voluntarily.

I gently reminded the caller that utilities must pay landowners hefty rental fees for keeping the windmills on their property and maintenance costs aren't cheap either. There are other reasons why wind energy is more expensive to produce than fossil fuels:

- The initial costs of installing a wind farm are very expensive.
- Additional transmission lines are typically needed.
- Backup power is needed when the wind isn't blowing.
- Backup power is needed when there is too much wind, windmills cannot operate in high winds
- Storage of surplus wind generation is not economically viable.

Another caller worked for a large company producing storage batteries. The caller asked how I could contend that laws to fight global warming will cost jobs, since her company was doing very well.

I responded that it was good to hear her company was enjoying success and noted that it was producing a product without being forced to. New legislation would obviously help a small group of businesses, but the negative economical impacts on everyone else would be far more detrimental and a job-killer. If a product is profitable, there is no need to mandate it.

A similar viewpoint was expressed at a recent meeting I attended. An executive of a large municipal operation was talking about all the important environmental initiatives his company is engaged in; initiatives that saved his company money. One was a co-operative effort with a landfill, producing methane as a waste product. His company used the methane to produce one of their byproducts, thus cutting pollution and saving money. The executive suggested he didn't understand how anyone could say global warming legislation would cost jobs, since his company benefited.

After the meeting, I told him no one opposed the kinds of projects his company was voluntarily involved in. However, under Governor Doyle's mandating legislation, everyone's electricity costs would rise dramatically. Companies are going to have to cut costs in other areas, reduced their profit margins or pass the costs onto customers. If employers can't afford these increased costs, they cut jobs. Even if a few companies benefited from AB 649 many others would still suffer as a result.

Global warming legislation is great if you happen to work for a company in the narrowly defined "green" economy. For everyone else? Sorry, you'll be footing the bill. So really, why are some so supportive of global warming legislation? There are several reasons, and I will discuss some of them in a subsequent Hot Air Report.

Access all my reports online, at: <http://www.legis.state.wi.us/assembly/asm23/news/media.htm>.

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