

Federally-imposed renewables come at a cost

by Roger Koopman

Those who view the EPA as a planet-saving benevolent dictator will apparently go to any lengths to “prove” their point.

An astounding article by former PSC Chairman Greg Jergeson, recently asserted that the EPA’s massive new regulations on power plant CO2 emissions won’t increase energy costs to Montana consumers. It makes you wonder what kind of mushrooms he’s been eating on his hamburgers lately.

While I appreciate Mr. Jergeson’s past service, his analysis of the Clean Power Plan couldn’t have been more inaccurate. Every credible study confirms that this latest federal decree will dramatically increase the monthly power bills of both residential ratepayers and the businesses and industries that employ them.

Jergeson makes the very misleading statement that coal (which is responsible for 64.6% of Montana’s total electricity generation), is comparatively expensive, basing his argument on the cost of energy from Colstrip Unit 4, an anomaly within the industry. Electricity from Colstrip Unit 4 is indeed some of the most expensive in NorthWestern Energy’s portfolio. However, Jergeson avoids mentioning the primary reason for this: the rate-based debt load from an artificially inflated, speculative price that NorthWestern paid for CU4 – a purchase approved by the PSC in 2008, while under Jergeson’s chairmanship.

Absent the Unit 4 anomaly, coal generated electricity is still among the cheapest, most reliable sources of energy available to Montana ratepayers -- and would continue to be, if not for the extreme regulatory burden now bearing down on that industry by a power-obsessed federal agency (EPA) that apparently believes burning the U. S. Constitution is an acceptable CO2 emission.

By contrast, many renewable resources wouldn’t be economically viable, were it not for the mountain of government subsidies they receive. Then too, the energy they produce is less reliable, requiring constant back-up (integration) by coal and natural gas plants to cover the shortfalls when nature isn’t cooperating. These subsidies – which we all pay for in our taxes – create a convoluted economic picture that doesn’t reflect true cost, and makes “green energy” look cheaper than it actually is. “Cheap” subsidized energy is an optical illusion, a contradiction in terms.

How heavy a dose of the subsidy narcotic do renewables need to be made competitive?

Solar is currently supported by a 30% investment tax credit, and for the last two decades, wind energy has been bolstered by a production tax credit of \$0.023 per kilowatt hour, covering up to one-third of the generation costs. No generating sources but renewables receive these kinds of enhancements to their bottom lines. Add to this the advantage of major state tax breaks and renewable (RPS) mandates, and you begin to realize just how much the scales are weighted against the consumer, who would be far better served by an even playing field and a truly competitive energy marketplace. Indeed, if politicians would quit rigging the game, get out of the way, and allow economic incentives to freely operate, innovators and developers of renewables would also greatly benefit in the long run. Freedom energizes. Interventionism paralyzes.

Whether CO2 emissions are, in net effect, a climatic calamity or an earth-greening benefit is an unsettled question. That scientific debate is just warming up (even while the earth, in recent years, has

not.) Regardless of your views on that subject, we can all agree that the true cost of CO2 reduction -- through forced renewables and the taxing and banning of fossil fuels -- must be accurately represented in the public policy discussion.

Unfortunately, that picture is habitually shrouded by bad economics and partisan politics. Misleading commentaries like Jergeson's, assuring consumers that EPA's heavy hammer really won't hurt too badly nor cost too much are cruel contrivances, told to us by people who believe the heat of politics is more important than the light of truth.

The question is, how much more can Montana families bear? How much longer will we tolerate timid politicians who will not stand up to Washington and defend Montana's legitimate interests and Constitutional rights?

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