

End Federal Support for Renewable Energy

Eliminate mandates and subsidies for biofuels. Congressional legislation has given much unnecessary support for biofuels. The 2007 energy bill greatly expanded the Renewable Fuel Standard in the United States, requiring almost 13 billion gallons of ethanol and other renewable fuels to be blended into the gasoline supply by 2010—ramping up to 36 billion gallons by 2022. The mandate has increased the cost of driving. Meanwhile, the diversion of nearly a third of the corn supply from food to fuel use has raised food prices. The mandate comes on top of favorable tax treatment for ethanol and other biofuels, including a 45 cents-per-gallon tax credit, as well as protectionist tariffs that shield domestic corn ethanol from global competition. Few experts think that ethanol produced from corn in the United States is a scalable replacement for foreign petroleum imports. Its environmental benefits are minimal at best and come at a huge cost. Ironically, ethanol remains highly reliant on petroleum and natural gas for its production and delivery.

Do not enact a Renewable Electricity Standard and repeal renewable subsidies. As with biofuels, the very fact that wind power and other renewable sources of electricity need mandates and subsidies in order to compete indicates that they have serious limitations. In addition to being costly to produce and transmit, wind power is intermittent and thus must be backed up by conventional en-

ergy sources sufficient to carry the entire load. In nations like Denmark and Spain that have mandated renewable electricity, as well as states that have done so, the mandates have raised the cost of producing electricity and have destroyed more jobs than they have created. Congress should not follow their lead and enact a federal Renewable Electricity Standard (RES, nor should it extend existing subsidies for renewables.

The supposed greenhouse gas emissions reductions and other environmental benefits from a RES are also questionable. The backup sources of power, like coal and natural gas, have to be operated in an inefficient—and thus higher emitting—manner in order to accommodate the fickle nature of wind. Thus, the difficulties of integrating wind into the larger electricity system make it both an economic and environmental disappointment—two good reasons for Washington to let the marketplace decide how to generate electricity. Congress should:

- Cap the Renewable Fuels Standard at 2010 levels or remove it completely.
- End biofuel subsidies.
- Refrain from enacting a federal Renewable Electricity Standard.
- Repeal subsidies for wind, solar, and other renewable sources of electricity.

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