



MANHATTAN INSTITUTE FOR POLICY RESEARCH

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Renewable-Electricity Mandates Forcing Rates Higher at Worst Possible Time

New York, NY: While the U.S. is struggling with persistently high unemployment and a stagnant economy, residential electricity rates are soaring at the worst possible time. And while President Obama favors a national renewable-energy mandate, the states remain in the forefront of renewable policymaking.

On Tuesday, February 28, 2012, the Manhattan Institute's Center for Energy Policy and the Environment released a new report, "**The High Cost of Renewable Electricity Mandates.**" Authored by MI senior fellow and energy policy expert Robert Bryce, the report shows that state renewable-energy mandates are forcing electric rates higher. To date, 29 states (as well as the District of Columbia and Puerto Rico) require utility companies to deliver specified minimum amounts of electricity from "renewable" sources, including wind and solar power.

These mandates are what one former member of the Federal Energy Regulatory Committee (FERC) called a "back end way to put a price on carbon." Put another way, these states have imposed a carbon tax, but they haven't explained that to voters, nor have they established the per-ton cost of the carbon dioxide reductions.

Bryce's analysis finds:

- In 2010, the average price of residential electricity in renewable portfolio standards (RPS) states was 31.9 percent higher than it was in non-RPS states. Commercial electricity rates were 27.4 percent higher, and industrial rates were 30.7 percent higher.
- Of the ten states with the highest electricity prices, eight have RPS mandates: Hawaii, Connecticut, New York, New Jersey, New Hampshire, Rhode Island, Maine, and California.
- Of the ten states with the lowest electricity prices, only two have RPS mandates. They are Washington and Oregon.
- In the seven coal-dependent states with RPS mandates, electricity rates have soared by an average of 54.2 percent between 2001 and 2010. That is more than twice the average increase experienced by seven coal-dependent states without mandates.

The widespread implementation of these RPS mandates couldn't come at a worse time for the U.S. economy. Bryce recommends that state electricity regulators perform a thorough financial assessment of the impact that renewable-energy mandates have on electricity prices. And where necessary, he recommends suspending or eliminating renewable-energy mandates to ensure that electricity remains affordable.

To speak with the author or obtain a copy of the report please contact Matthew J. Olsen at 646-839-3352 or by email at molsen@manhattan-institute.org

Robert Bryce is a senior fellow at the Manhattan Institute's Center for Energy Policy and the Environment. He has been writing about energy for two decades. *The Wall Street Journal* called his fourth book, *Power Hungry: The Myths of "Green" Energy and the Real Fuels of the Future* (PublicAffairs) "precisely the kind of journalism we need to hold truth to power." Bryce is based in Austin, Texas.

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