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Heartland Institute Comments on Repealing the Virginia Clean Economy Act HB 118

Dear Chairwoman Byron and Members of the House Commerce and Energy Committee:

I am James Taylor, president of The Heartland Institute. The Heartland Institute is a non-profit, non-partisan public policy organization with a mission of discovering, developing, and promoting freedom-oriented solutions to public policy issues. Heartland primarily focuses on state-level issues throughout the country. We believe the 2020 Virginia Clean Economy Act will have a devastating impact on Virginia household incomes while accomplishing very little environmental or climate impact.

For 2021, Virginia was one of the states generating the highest percentage of electricity from conventional energy and the lowest percentage from wind and solar power. This is a primary reason why **the average price of electricity in Virginia is [currently 18 percent below the national average](#)**.

By comparison, electricity prices in California, which is heavily dependent on wind and solar power, are more than double those of Virginia.

It is a near certainty that the political decision to shut down Virginia's perfectly operational conventional power plants and replace them with expensive wind and solar power will drive up electricity prices for consumers in Virginia. Indeed, if wind and solar power could compete economically with conventional electricity sources, there would be no need to pass laws forcing utilities to generate – and consumers to purchase – electricity produced by wind and solar equipment.

High electricity prices serve as an enormously regressive tax on Virginians. All households must pay electric bills, while the difference between electricity bills in wealthy households and in poor households is not nearly as much as the difference in wealth between wealthy and poor households. As such, **rising electricity prices are the equivalent of highly regressive new tax imposed on Virginians.**

Virginia can learn a good lesson from the costly experiences of Kansas and Iowa. In 2010, neither state was heavily invested in wind or solar power. The average price of electricity in Iowa in 2010 was 7.66 cents per kilowatt hour. In Kansas, the average price was 8.23 c/kwh. The average price nationally was 9.88c/kwh in 2010. Between the two, the average price of electricity was 7.95 c/kwh, or 20 percent below the national average.

Now, after ramping up their wind and solar power, the average price of electricity in the two states is 9.92 c/kwh, versus a national average of 11.20 c/kwh. In just over a decade, rather than having electricity priced 20 percent below the national average, the price of electricity in the two states is just 11 percent below the national average. **In other words, the price of electricity in Iowa and Kansas is rising 50 percent faster than the rest of the nation.**

Virginia will almost certainly suffer the same fate, or a worse fate, under the renewable power mandates in the recently enacted Virginia Clean Economy Act. Maps published by the National Renewable Energy Laboratory (NREL) show that while Iowa and Kansas are among the states most favorably located for wind power production, **Virginia is among the worst locations for generating wind power** (<https://www.nrel.gov/docs/fy11osti/50439.pdf>). Similarly, NREL maps show **Virginia also has below-average solar power potential** (https://upload.wikimedia.org/wikipedia/commons/7/7a/NREL_USA_CSP_map_lo-res_2008.jpg).

For a Virginia household paying \$300 per month in electric bills, a 20-percent increase in electricity prices to reach the national average price would amount to an extra \$60 per month – or an extra \$720 per year – in household direct electricity bills. Also, higher electricity prices paid by businesses throughout Virginia will be passed along to Virginians in the form of higher-priced consumer goods. **A conservative estimate of the costs that Virginians will pay catching up to national electricity prices would be at least \$1,000 per household per year.**

The above numbers are merely for Virginians to catch up to the current national average price of electricity, in which merely 12 percent of national electricity is generated by renewable energy sources (https://www.eia.gov/electricity/monthly/current_month/december2021.pdf). The Virginia Clean Economy Act, however, mandates the Virginia economy utilize 100-percent renewable energy, which is much more than current national generation. As such, **a conservative estimate of the costs for full implementation of the Virginia Clean Economy Act would be at least \$3,000 to \$7,000 per household per year.**

The United States produces less than 14 percent of the world's carbon dioxide emissions (https://www.pbl.nl/sites/default/files/downloads/pbl-2020-trends-in-global-co2-and-total-greenhouse-gas-emissions-2020-report_4331.pdf). Virginia produces only about 2 percent of U.S. emissions (<https://www.eia.gov/environment/emissions/state/analysis/>). As such, Virginia accounts for less than 2/10ths of 1 percent of global carbon dioxide emissions. The primary motivation for passage of the Virginia Clean Economy Act was carbon dioxide emissions and global warming, yet the Clean Economy Act has an incredibly small impact on global emissions and an impact on global temperatures that is too small to be measured. **Imposing \$3,000 to \$7,000 in higher costs per Virginia household per year is a very steep price to pay to accomplish no measurable impact.**