

LETTER TO THE EDITOR

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WHY IS ENERGY SUBSIDIZED?

TO THE EDITOR:

A common argument against wind power is that it can't compete with traditional fossil fuels without subsidies from the federal government. Well, this is one time when I agree with my opponents. Wind power does need incentives in order to compete with other fuels. There, I said it.

One reason renewable energy needs incentives is that other forms of energy, including fossil fuels, are subsidized too. The Environmental Law Institute, a non-partisan research and policy organization, released a study in September 2009 that calculated and compared the federal subsidies given to renewable energy and fossil fuels. The study found that traditional forms of renewable energy, such as wind, solar, biomass, hydro, and geothermal, received a total of \$12.2 billion in federal subsidies and tax credits between 2002 and 2008. Over the same time period, the mature fossil fuel industry, which has been subsidized for over 80 years, received a total of \$70.2 billion from the federal government. Renewables need a little help competing with the long-standing giants of the energy world – oil, coal, and natural gas – especially when they're getting help too.

Another reason why the federal government offers renewable energy tax credits is because it wants to jump start this relatively new industry. New ideas need help and nurturing and time to grow. Tax credits are often used to promote new technology development (like GPS, solar cells, microcomputers, wind turbines, and even the early stages of what has become the "Internet") because once they are successful in the marketplace, these technologies will pay taxes and generate long-term benefits for all of us. If you think this is some special sweetheart deal for "fat cat" renewable energy developers, or even for the energy sector in general, remember that incentives are used in many traditional sectors of the economy as well—from housing to manufacturing to exports to agriculture. They are used to accelerate growth or compensate for other market inefficiencies and, ideally, are phased out over time.

I think we all understand the military, foreign policy and ultimately human costs of depending too heavily on other countries for our energy sources—countries that may not have our best interests in mind. But don't forget the hidden, yet very real, costs of fossil fuels—the socioeconomic costs of air pollution and water pollution that lead to sickness and death in people and animals through lung damage, acid rain, smog, and climate change, among other things. These costs are difficult to calculate precisely, but a 2009 study by the National Academy of Sciences estimated that burning fossil fuels costs the U.S. \$120 billion in health costs and almost 20,000 premature deaths each year. These are things we pay for as taxpayers, even though they aren't labeled as "subsidies" for the fossil fuel industry.

This leads me to wonder why the fossil fuel industry is still being subsidized, both because the technologies have been around for a long time and because these industries significantly contribute to pollution and climate change – things I thought we were trying to move away from. I realize that fossil fuels will be part of our energy future for some time, but we need to make them cleaner and more efficient rather than encouraging the status quo.

So in summary, yes, wind power receives tax credits from the federal government, and yes it needs those incentives to economically compete with fossil fuels at this time. The goal is to encourage the growth of clean energy because renewable energy sources are an important part of our energy future. They reduce pollution and increase our energy independence, and that makes good sense to me.

Thanks for the opportunity to share my thoughts.

Tom Carroll, Patriot Renewables