



## FREQUENTLY ASKED QUESTIONS ABOUT RENEWABLE ENERGY

### Is renewable energy more expensive than conventional resources?

- The cost for wind and solar electricity has come down by 80-90% over the past two decades and is expected to be competitive with conventional energy sources over the next 5-15 years.
- Some wind power facilities at the best sites are producing electricity at 3 cents per kilowatt hour and are already competitive with other electricity sources. For example, a new coal-fired power plant in North Dakota will produce electricity at a cost of about 4.5 cents per kilowatt hour.

### Will renewable energy result in higher costs to consumers?

- Natural gas prices are expected to rise in the future while wind energy prices continue to fall.
- Adding wind power to a state energy mix can help insulate consumers from secondary price spikes due to unpredictable fluctuations in natural gas costs.
- For example, installing 1,200 megawatts of new wind generation over 15 years in Iowa would yield a net savings of \$300 million to consumers over 30 years.

### Is renewable energy too unreliable?

- Several areas in Europe, including Spain, Germany and Denmark, use wind power to supply over 20% of the electricity with no adverse effects on the reliability of the system.



GEO Heat Center Photo

In Klamath Falls, Oregon, a geothermal district heating system keeps the sidewalks clear and dry at the Basin Transit station after a snowfall. The district heating system melts snow on more than 50,000 square feet of sidewalks and crosswalks.

- Several renewable energy sources, such as geothermal and landfill gas systems, can operate around the clock.
- Renewable energy can actually increase the reliability of the overall system by diversifying our resource base and using supplies that are not vulnerable to periodic shortages or other supply disruptions.

### What's the best way to encourage renewable energy: setting minimum standards or providing incentives?

- Setting minimum standards creates a market for renewable energy technologies.
- Providing tax credits and other incentives levels the playing field with conventional technologies.



The Solar Decathlon is a student contest sponsored by the Department of Energy. Student teams are challenged to integrate aesthetics and modern conveniences with maximum energy production and optimal efficiency. Like this home at Texas A&M University.



Warren Getz photo

- For incentives to be effective, policies are needed to create a market for renewable technologies.
  - For example, in 1999 the Texas state government created a statewide renewable energy standard that requires the installation of 2,000 megawatts of new renewable energy by the year 2009.
  - At the same time, a federal production tax credit for wind power of 1.7 cents per kilowatt hour was available. With these two complementary policies, Texas has emerged as one of the leading wind power markets in the United States.
- We've spent billions subsidizing solar and wind and they still aren't competitive. Isn't it time to look elsewhere?**
- Federal subsidies for renewable energy have been and continue to be much less than government subsidies for the fossil fuel and nuclear power industries, and it's likely that state subsidies are similarly unbalanced.
  - A recent study by the Renewable Energy Policy Project showed that between 1943 and 1999, the nuclear industry received over \$145 billion in federal subsidies vs. \$4.4 billion for solar energy and \$1.3 billion for wind energy.

- Legislation passed by the House of Representatives in 2001 would have authorized \$27.6 billion in tax breaks for the oil, coal, gas and nuclear power industries, and only \$5.7 billion in tax breaks for energy efficiency and renewable energy sources.



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