

NEW AMERICA FOUNDATION

For Lessons On Clean Energy, Look To (Surprise!) Texas

By John Ryan, New America Foundation

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As the Senate debates the future of energy in the United States, it would do well to look to President Bush's home state of Texas -- not for lessons from the Enron scandal or for proof of Big Oil's influence over Bush policies, but for the nation's most surprising clean-energy success story.

Texas is the nation's biggest consumer of coal, oil, gas, and electricity. As a result, it is also the nation's biggest polluter.

But the "oil and gas state," of all places, has taken what is probably the nation's boldest -- and most successful -- action to promote clean energy from the wind and the sun. The president's critics and friends alike may be surprised to learn that it was Governor Bush himself who signed it into law in 1999.

Like a half-dozen states before it, Texas required a portion of its power to come from renewable sources when it deregulated its electricity markets. Unlike the other states, Texas has act succeeded in getting hundreds of megawatts of clean, new power added to its electric grid. Three years ago, Te was dead last in the nation in its percentage use of renewable energy. Today, the windswept mesas of west Tex are home to the world's largest wind farms. The state added more wind power in 2001 than the entire nation had built in any prior year.

What spurred this wind rush was deregulation policy that actually works. Texas's utility-restructuring law combines the best of the left and the right: It sets ambitious, mandatory targets for renewable power supplies, but lets the market decide how to reach those targets. A system of renewable-energy trading credits (the nation's first) enable market forces to squeeze out the most renewable energy at the least cost, with minimal government involvement.

The renewables standard has been such a success that the state is several years ahead of schedule on its way toward the target of adding 2,000 megawatts of renewable energy by 2009. That's enough to provide electricity to 10 million Texans, and the largest amount of renewable energy mandated in any state.

By forcing energy companies to deal with renewable energy on a large scale, the Texas policy tapped into economies of scale that helped make wind power attractive economically. The companies have since invested in more than twice as much of the once-unfamiliar technologies as the new law requires.

Still, 2,000 megawatts is only about 3 percent of all electricity generated in Texas. On the plains of west Texas, you're much more likely to come across oil derricks pumping energy from the ground than wind turbines taking it from the sky.

If anything, Texas's ease in expanding its wind-power supplies shows that legislators could have set their targets much higher. Enough wind blows in Texas to generate three times the electricity the state now consumes, or 30 percent of the entire nation's electricity.

Rapid expansion in renewable energy is also feasible nationwide -- if politicians learn from the Texas experience

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Last Thursday, one day after it refused to increase the fuel economy of America's cars and trucks, the Senate struck another blow against the environment by rejecting the measure proposed by Sen. Jim Jeffords (I) of Vermont, requiring 20 percent of the nation's power to come from renewable sources by the year 2020. The comprehensive energy legislation being debated in the Senate does include a lesser requirement (10 percent by 2020), but even that modest standard faces a fight. Republican Sens. Frank Murkowski of Alaska, Larry Craig of Idaho, and Jon Kyl of Arizona (each of whom receive more campaign contributions from electric utilities than from any other source) are expected to try to eliminate the renewables requirement. And the energy bill already passed by the House -- like the Bush energy plan -- has no renewable-power mandate at all.

Mr. Bush should know better. Moreover, the Texas approach works for more than just renewable power. Tradable sulfur-dioxide permits have helped clean the nation's urban air on the cheap. Tradable carbon-dioxide permits are a centerpiece of the Kyoto treaty, whose modest mandates Bush opposes in favor of his toothless, all-voluntary climate plan that will do nothing to alter the US's role as the rogue nation of climate change.

The intertwined challenges of global warming and energy security demand that our nation shift to climate-friendly, domestically abundant energy sources as quickly as possible. If the oil and gas state, the nation's worst polluter, turns to the wind and the sun, there's no reason the United States, the world's No. 1 polluter, can't do so as well.

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