

False Renewable Energy Job & Economic Benefits Claims

-- 12 Common Flaws and Faulty Assumptions --

Renewable energy advocates have been very active in issuing press releases claiming that their “studies,” “analyses,” and “reports” show investments in “renewable” energy projects will produce big increases in jobs and economic benefits.

Reporters and editors parrot the claims, apparently with no serious attempt to evaluate them.

Federal and state officials – executive, legislative and regulatory – accept renewable energy lobbyists’ claims as if they are facts, and even repeat false and misleading claims to justify proposals to provide even more tax breaks, and subsidies for “renewable” energy.

Unfortunately, many in media and government apparently are unable (or have no desire) to tell the difference between valid and false claims from renewable energy advocates. Federal and state energy agencies (e.g., the US Department of Energy --DOE) and its contractors add to the problem when they use tax dollars to finance and publicize studies and reports that include false and misleading claims.

Consumers and taxpayers who bear the costs of tax breaks, subsidies, and unwise energy investments deserve protection from the results of false and misleading claims but, sadly, experience suggests that they will get little help from the media or from elected or appointed government officials.

Twelve Common Flaws and Faulty Assumptions

Gross overstatements of job creation and other economic benefits are often the result of twelve common flaws and faulty assumptions that are either purposely or inadvertently made by those who prepare the “analyses,” “studies,” and “reports” that allege big benefits. The twelve flaws and faulty assumptions, listed below, are particularly common in the case of wind energy.

1. Ignoring the fact that much of the capital spending is for equipment purchased elsewhere, often imported from other countries. (This is a common error in the case of "wind farms" where as much as 75% of the capital costs are often for turbines, towers and blades – many of which are imported.)
2. Assuming that employment during project construction results in new jobs for local workers -- when many of the construction jobs (particularly in the case of wind energy) are short term (6 months or less) and filled by skilled workers who are brought in temporarily. Similarly, assuming that "permanent" jobs are new jobs and filled by local workers -- when they are filled by people brought in for short periods (e.g., for maintenance work).
3. Assuming that temporary workers who are brought in for short periods spend their pay checks and pay taxes locally when, in fact, these workers spend most of their wages where they and their families have permanent residences -- and where the workers spend most of their weekends and pay taxes.
4. Assuming that the *full purchase price* of the goods and services purchased locally (which often are minimal anyway) has a local economic benefit. In fact, only the local value added may have a local economic benefit. This is illustrated by the purchase of a gallon of gasoline -- let's say for \$2.50. Only

the wages of the service station employees, the dealer's margin, and the taxes paid locally or to the state will have a local or state economic benefit. Economic benefits from the share of the \$2.50 that pays for the crude oil (much of it imported), refining, wholesaling, and transportation generally flows elsewhere.

5. Assuming that land rental payments in the case of "wind farms" all have local economic benefit. In fact, these payments will have little or no local economic benefit when the payments are to absentee landowners OR if the money is *spent* or *invested* elsewhere or is used to pay income taxes that flow to Washington DC or state capitals.

6. Using "input-output" models that spit out "indirect" job and other economic benefits but which are based on untested or flawed underlying data and assumptions and unproven "multiplier" effects.

7. Ignoring the COSTS imposed by the development. In the case of wind energy, these would include but are not limited to (a) the environmental and ecological costs associated with the production of the equipment, (b) constructing and operating the "wind farm" (e.g., site and road clearing, habitat destruction, noise, bird and bat kills and migration interference), (c) scenic impairment, (d) neighboring property value impairment, and (e) local infrastructure costs.

8. Ignoring the fact that electricity produced from wind, has less real value because it is intermittent, volatile and unreliable and most likely to be produced at night in colder months, not on hot weekday late afternoons in July and August when demand is high and the economic value of electricity is high.

9. Ignoring the "backup power" costs; i.e., the added cost resulting from having to keep reliable generating units immediately available (often running at less than peak efficiency) to keep electric grids in balance when those grids have to accept intermittent, volatile and unreliable output from "wind farms."

10. Ignoring the fact that electricity produced from renewable sources located in remote areas result in high transmission costs, including (a) construction of additional transmission capacity, the costs of which are passed on to electric customers and which imposes other environmental, scenic and property value costs, (b) electricity "line losses" because part of the electricity that is produced by generating units never reaches customers or serves a useful purpose, and (c) inefficient use of transmission capacity because the output is intermittent and generally unpredictable – resulting in high unit costs of transmission.

11. Ignoring the true higher cost of the electricity (or other energy form) resulting from the renewable energy source -- and the associated fact that electric customers then have less money to save or to spend on other needs (food, clothing, shelter, education, medical care -- or hundreds of other things normally purchased in local stores), thus *reducing* the jobs associated with that spending.

12. *Perhaps most important, ignoring the very important fact that the investment dollars going to "renewable" energy sources would be available for investment for other purposes that will often produce greater economic benefits.*

In summary, it's well past the time that writers, editors and government officials STOP accepting and repeating misleading false and misleading "renewable" energy job creation and economic benefit claims! Consumers and taxpayers should demand that they do so – repeatedly, if necessary.

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