

Renewable Energy Subsidies VS. Oil & Gas Subsidies

BY FRANK SCOTTI | SEPTEMBER 15, 2022

The recently passed and signed Inflation Recovery Act of 2022 (IRA2022) will direct about \$9 billion (in total) over a 10-year period in home energy rebate programs to help electrify homes in the U.S. with sustainable energy systems, energy storage, and energy efficient appliances and systems, with a focus on low-income consumers. Some have argued that this is a misappropriation of funds that should not be spent to prop up sustainable energy adoption.

For those who argue against giving subsidies to the sustainable energy sector, the U.S. government also pays over \$20 billion per year in subsidies to coal, oil and natural gas industries. Sustainable energy subsidies amount to only 4.5% of the subsidies paid to oil and gas producers over a 10-year period.



The IRA2022 subsidies put renewable energy savings directly in the pockets of consumers. Coal, oil, and gas subsidies puts money in the pockets of private corporate executives.

The IRA2022 subsidies help reduce the use of fossil fuel burning for energy, and thus the reduction of GHG and CO2 emissions. Oil and gas subsidies promote GHG emissions and CO2 pollution, causing global warming. Fossil fuel use is also responsible for enormous public health impacts, estimated to be an additional \$5.3 trillion globally in 2015 alone.¹ But let's be fair. A wind turbine's blades are very large and rotate at very high speeds. Unfortunately, their blades can harm and kill species that fly into them, like birds and bats. I do love bats.

¹ Environmental and Energy Study Institute, July 29, 2019

I have to elaborate on the bird killing argument used against wind energy. Let's make some comparisons. About 1 million birds and bats are killed each year by wind turbines. That is sad. Yes, but in the U.S. alone, 6.5 million birds are killed each year by communication towers. Half a million birds are killed by oil spills. 25 million birds are killed each year by power lines. 1 billion birds are killed by collisions into windows. And a whopping 4 billion birds are killed each year by cats. The Deepwater Horizon oil spill alone killed over a million birds, 6,165 sea turtles, and up to 25,900 other marine animals including bottlenose dolphins, spinner dolphins, melon-headed whales, and sperm whales.



OK. Back to sustainable energy. The IRA2022 promotes renewable and sustainable energy development by rewarding the end-users adoption and use of clean energy for a safer, cleaner future. Coal, oil, and gas subsidies reward the producers of toxic, unsafe, unsustainable, foreign fossil fuels that cause global environmental disasters and global economic and political uncertainty. If that's not enough, the end user then also gets taxed for using these toxic fossil fuels to help pay for the damage done to communities and climate.

Fossil fuels are accessible only by those companies with the wealth and resources to pay for rights and infrastructure. Renewable energy technology is affordable for everyone, everywhere, without a need for paying for energy rights, land exploitation, or other capital-intensive infrastructure.

Historically, subsidies granted to the fossil fuel industry were designed to lower the cost of fossil fuel production and incentivize new domestic energy sources. Today, U.S. taxpayer dollars continue to fund

many fossil fuel subsidies that are outdated, but remain embedded within the tax code. Did you know there's a subsidy still on the books called the Oil Depletion Allowance, passed in 1929, that gives oil companies a tax break for depleting an oil reservoir.

At a time when renewable energy technology is increasingly cost-competitive with fossil power generation, and a coordinated strategy must be developed to mitigate climate change, the broader utility of fossil fuel subsidies is being questioned. The solution is not to further increase the fossil fuel subsidies to keep these polluting fuel sources competitive (and profitable) with sustainable energy technologies. The solution is to shift fossil fuel subsidies into sustainable energy subsidies, including job training, R&D, tax credits, infrastructure, distribution and storage for the sustainable energy sector.

I don't care what side of the political spectrum you are on or what your social ideology is. I really don't. But basic economics, not to mention common sense, tells me that investing in a limited resource that is, in the simplest of terms, toxic for people and planet, is not a good long-term strategy. Investing in an unlimited resource, one that is clean, safe, can be deployed anywhere, by anyone, at any scale, is a good long-term strategy. Heck, I would even say that is a good short-term strategy.