

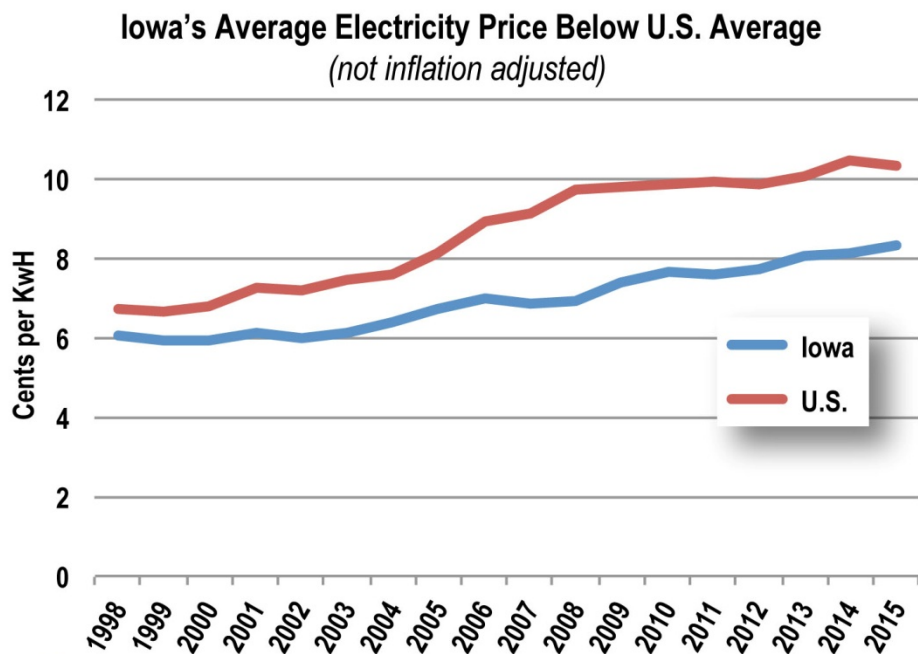
IOWA RATES LOWER WITH WIND GROWTH

With more electricity per capita from wind than any state, Iowa has lower average electric rates than when the industry started

By David Osterberg

Periodically, the Iowa Policy Project reports on Iowa’s leading role in producing electricity from clean, renewable sources. As we build the industry, the price per kilowatt hour continues to be significantly lower than the U.S. average. That is shown in the first graph below.¹

The first large wind farms were connected to our electric grid in 1999. Since then Iowa average electricity prices (the lower line) have moved further from the U.S. average. Clearly the 36 percent of our electricity that comes from wind power has not hurt our competitiveness in attracting businesses or in keeping household spending for electricity under control.²

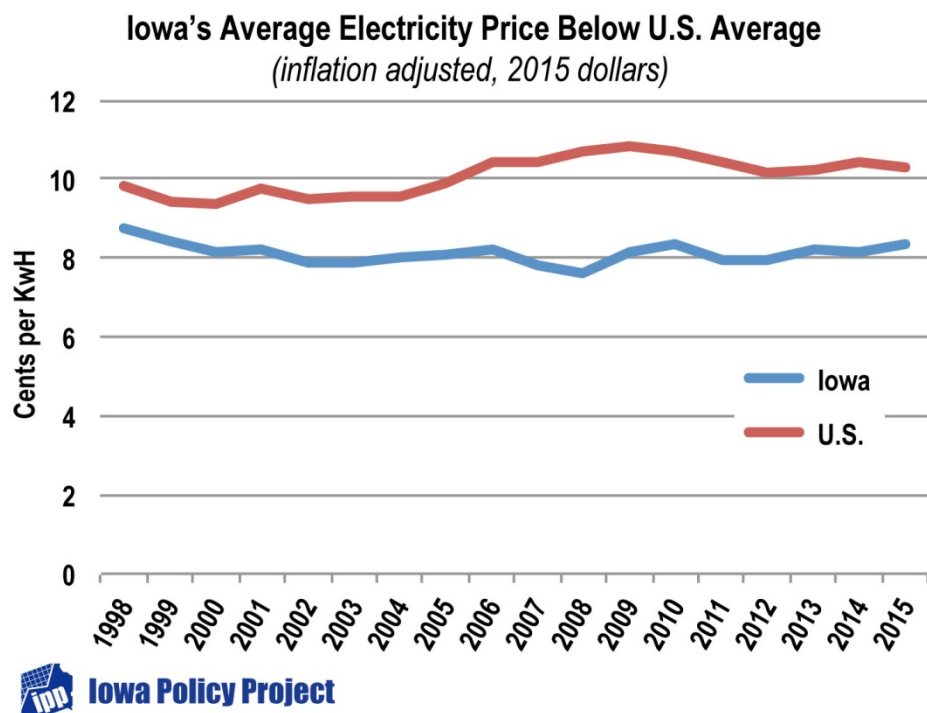


 Iowa Policy Project

This latest finding shows how much Iowa’s changing electric generation landscape as well as investments in energy efficiency have kept our electric prices low. The second graph (next page) shows that electricity prices in Iowa, after accounting for inflation, are actually lower than when the wind industry began in the state.

While electricity prices all over the United States have been quite stable over this period, Iowa — the leading state for the portion of electricity coming from wind — actually saw a decrease.

Opponents of clean and renewable energy claim we cannot afford to do the right thing. Iowa data show they are probably wrong. It should be noted that any discussion of prices must be qualified since the U.S. Energy Information Agency data presented here compare the price of electricity *consumed* with the percentage of electricity *produced* in the state. However, the wind power Iowa exports benefits Iowa consumers and contributes to our low overall prices. Iowa renewable energy is a success story we should be proud of. And it has benefited our pocketbooks.



Iowa policy makers should take this data into account when considering the future of the next big renewable energy source, solar. Distributed (rooftop) solar arrays are encouraged by an Iowa investment tax credit while larger arrays, as with community solar, are encouraged by an Iowa production tax credit. Homeowners, businesses and farmers with solar can “run the meter backwards” in the middle of the day when costs of energy are highest. Tax incentives for solar and net metering are policy instruments that have the potential to pay off for all electric utility customers, just as wind power has.

¹ Electricity: Detailed State Data. U.S. Energy Information Agency. Release Date October 2016. <https://www.eia.gov/electricity/data/state/>
² US Wind Energy State Facts. American Wind Energy Association. <http://www.awea.org/resources/statefactsheets.aspx>

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The Iowa Policy Project

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