Written by **David Kelly** on September 30, 2022

Nationwide High Energy Prices Caused by Government Policies


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A new energy affordability report from the American Legislative Exchange Council (ALEC) shows that if you live in a state that is controlled by Democrats and has intrusive green energy polices, you most likely pay much higher energy prices.

The report claims, "When the government inserts itself into the energy markets, taxpayers foot the bill," adding that "inefficient government mandates driven by political interests often pick winners and losers in individual energy markets, causing, at best, skyrocketing costs through poor investment decisions."

The ALEC Task Force on Energy, Environment and Agriculture first evaluated electric prices and energy policies for each state. They then compared three primary energy policies that are in common throughout the states.

First, they "examined the presence or absence of a Renewable Portfolio Standard (RPS), which dictates that a certain amount of a state's electricity generation comes from renewable sources." Then they sought "whether the state is a part of the Regional Greenhouse Gas Initiative (RGGI), which is a CO_2 cap-and-trade program amongst 10 states in the mid-Atlantic and Northeast regions of the U.S. (or if they are a part of another cap-and-trade program, e.g., California)." Finally, they determined "whether or not a state has state-mandated rules for utilities regarding net metering, which is a process in which utility companies pay consumers who own rooftop solar panels for any excess electricity generation that these panels push back onto the electric grid."

With electricity prices varying by demand and generation sources across the nation, the price differences were often linked to the different policies utilized by states to balance the needs of consumers with government green energy laws.

The report listed the states with the lowest electricity prices as Louisiana, Oklahoma, Iowa, Wyoming, and Utah. The highest prices can be found in Hawaii, Alaska, Connecticut, Rhode Island, and Maine.

In the states with the lowest prices, the average price of electricity was around 8 cents per kWh, compared with the highest-priced states at more than 20 cents per kWh.

"Given their isolated geographic locations, it is unsurprising that Alaska and Hawaii have the highest electricity prices. Contiguous states have the advantage of being better able to share infrastructure, such as transmission lines, and have the capability to import or export electricity across state lines," said the report.

However, the other high-price states suffer higher electricity costs due to RPS and RGGI government mandates and polices. The report shared that "16 states with the highest electricity prices all have an

RPS in place, as do 18 of the highest-priced 20 states.” This trend of government mandates being associated with higher prices is evident throughout the report.

“Some states rely on free market principles and innovation to limit manmade emissions into the atmosphere, while others use a more heavy-handed approach by implementing of standards, enacting mandates and pricing schemes that benefit specific types of technologies,” the report said.

The final section in the ALEC task force’s energy report was on gas prices. The report figured in the instability in global crude oil markets, global instability triggered by Russia’s invasion of Ukraine, and rising prices caused by domestic regulatory uncertainty and President Biden’s war on America’s use of fossil fuels.

The report took into account state-level regulations, federal government regulations and taxes — such as property, income, and employment taxes — and additional government fees that affect the cost of gas at the pump. The task force dove deep into the methodology used to determine the gas costs by state, which was quite comprehensive and included location, average miles driven, local gas prices, and taxes and fees.

The report concluded that California, Hawaii, Nevada, Alaska, and Washington have the highest costs for gasoline. The lowest-cost states for gasoline are Missouri, Oklahoma, Kansas, Arkansas, and Maryland.

Gas prices in states with immediate access to refining infrastructure did not always have lower prices than those that did not. California, which has the highest prices of any state, also has a high concentration of refineries. But the composition of fuel refined in California is highly regulated, leading to significantly higher costs for consumers.

The bottom line here is that government mandates and policies are costly, especially in terms of energy production and supplies. Getting the hands of government — with their horrible policies and mandates — out of the citizens’ pockets and lives would be a great first step toward lowering energy costs. We then need to pursue expanding free markets, promoting economic growth, limiting the size of government, and preserving individual liberty.