



*The Intergovernmental  
Odyssey of American  
Energy Policy*

*Barry G. Rabe*

*American Academy of Arts & Sciences*

*May 18-20, 2011*

# *Back to the States?*



# *Federal and State Policy Engagement*

Federal

High

Low

State

High

Low

Contested Federalism  
(2008-2011)

- ✧ Cap-and-Trade
- ✧ RPS/RFS/LCFS
- ✧ CAFE

Decentralization  
(1998-2007)

- ✧ CA AB 32
- ✧ TX RPS
- ✧ Coal plant rejection

Centralization  
(not yet...)

Symbolic Policies  
(1975-1997)

# *State Energy Policy Development and Carbon Emission Trends*

GHG Emission Growth Trends (1990-2007)

High >16%

Low <16%

Levels of State Energy  
Policy Adoption

High  
12-20  
policies

Low  
0-11  
policies

New Jersey Oregon	California New York
Georgia Missouri	Louisiana Michigan

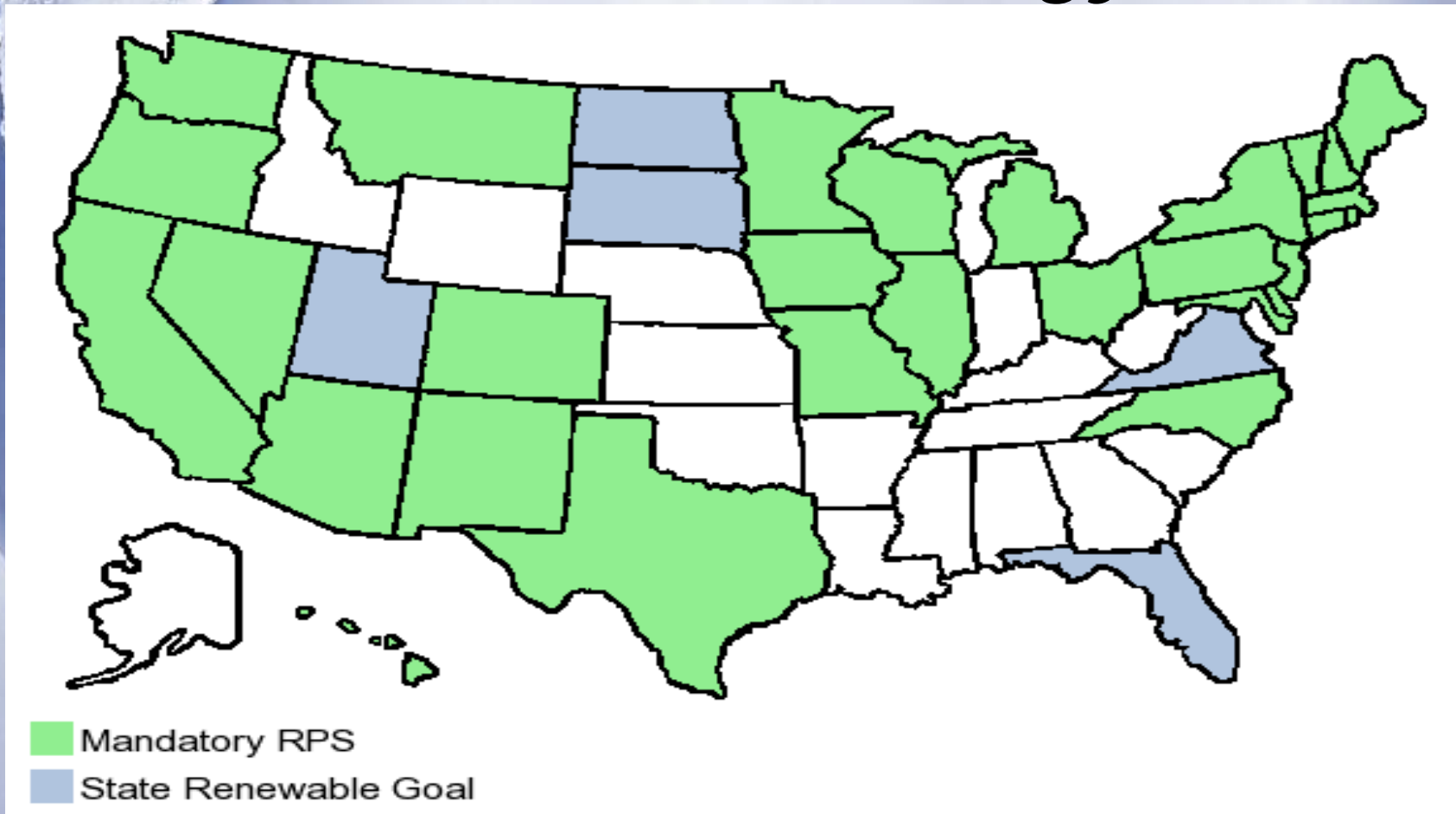
# *State Policy Tool Selection: What Sells*

## Economic Desirability

Political Feasibility

	High	Medium	Low
High			Renewable Portfolio Standard (29)
Medium		Cap-and-trade (13-to-23)	
Low	Carbon tax (0)		

# *State Adoption of Renewable Portfolio Standards and Renewable Energy Goals*





## *RPS: High Political Feasibility*

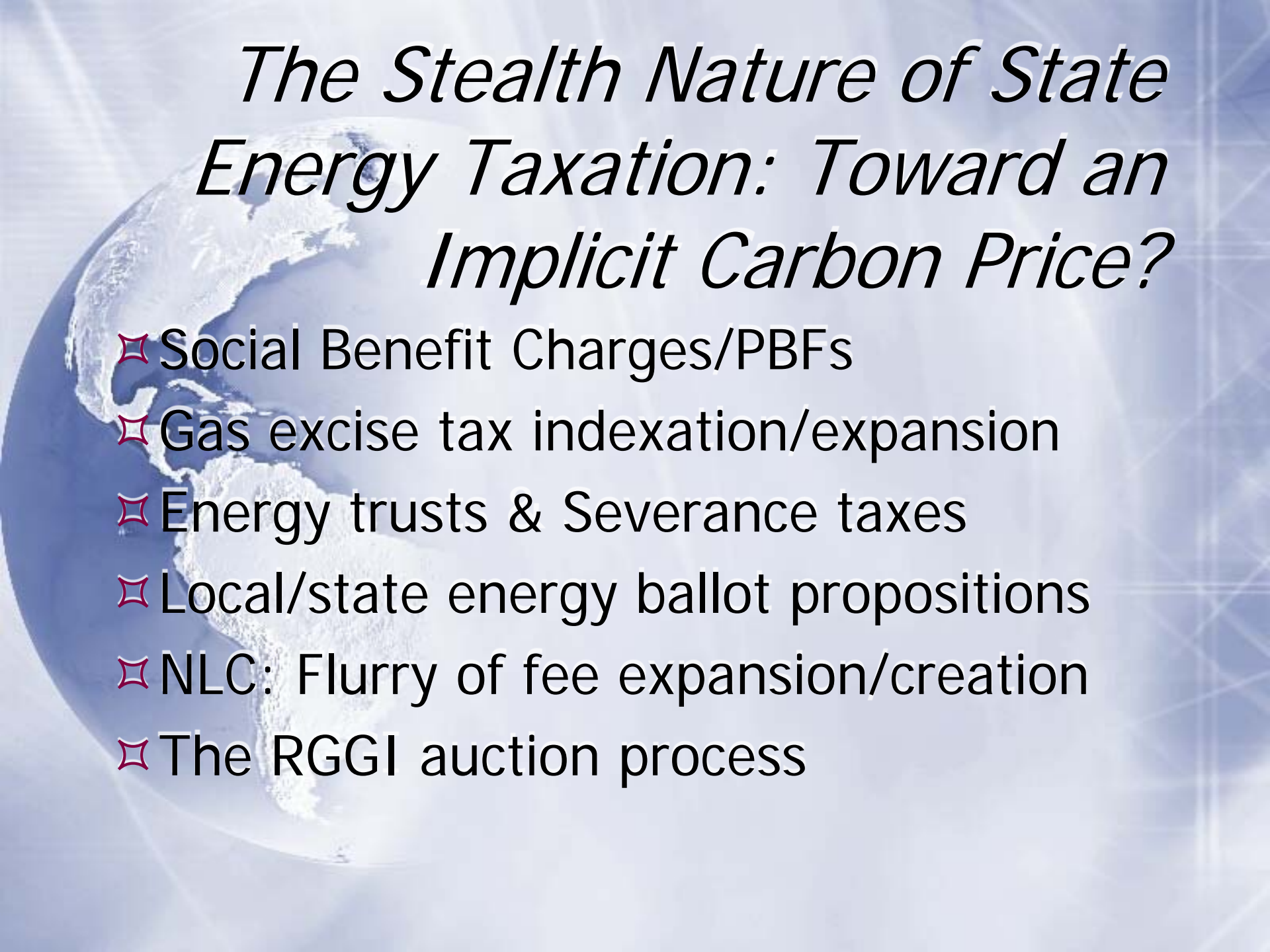
- ✧ Cross-partisan political support
- ✧ Framing: Economic development and “home-grown energy jobs”
- ✧ Little/no discussion of costs, under assumption of easy transition (and possible federal help)
- ✧ Success cases: TX, IA...



# *RPS: Implementation Reality*

- ✧ Costs exceed expectations: who pays?
- ✧ Unanticipated local opposition to siting
- ✧ Unanticipated battles for most-favored status between sources (wind v. solar)
- ✧ Circling-the-wagons at state borders
- ✧ Some implementation messes (CA)
- ✧ Links with other programs unclear

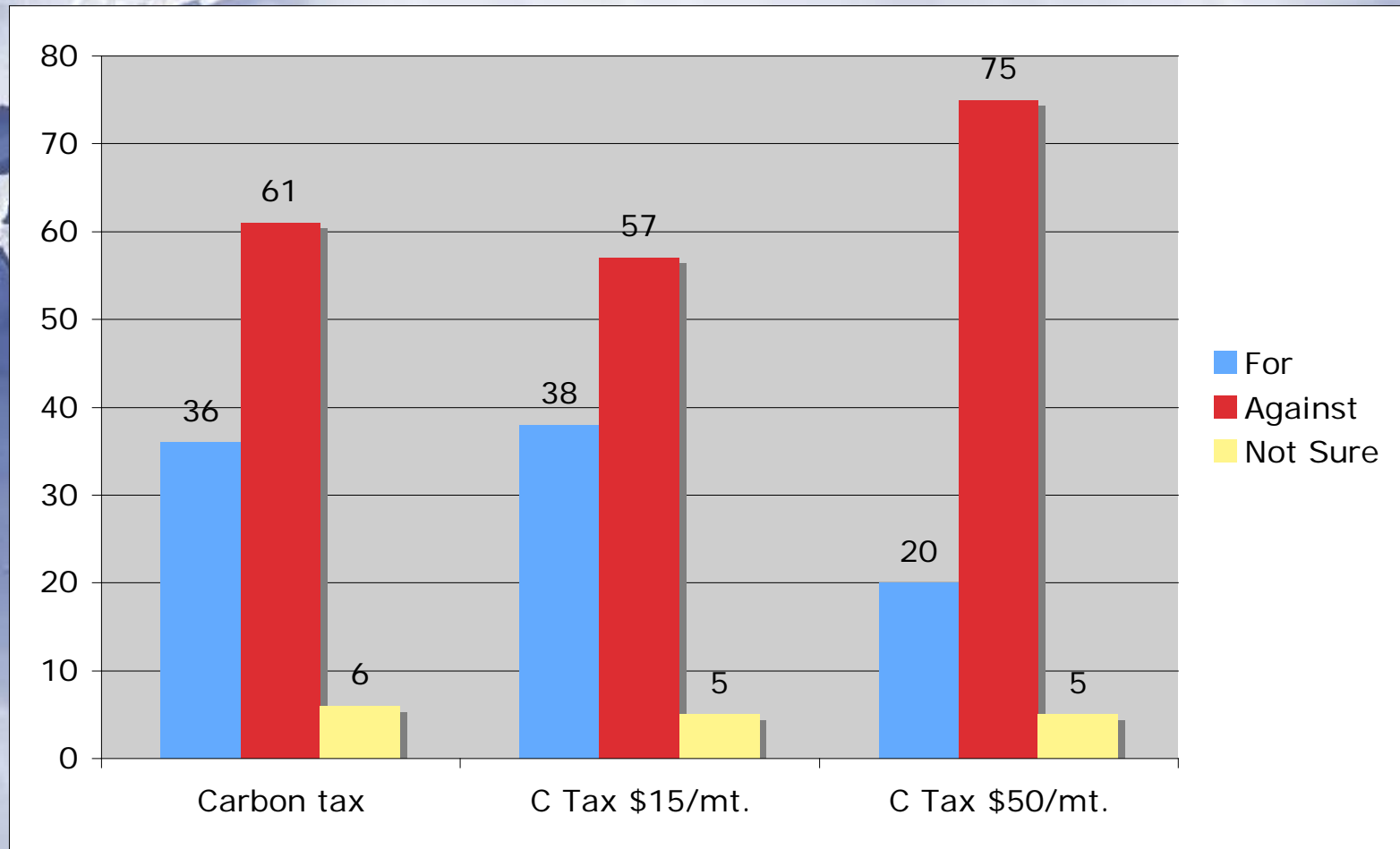




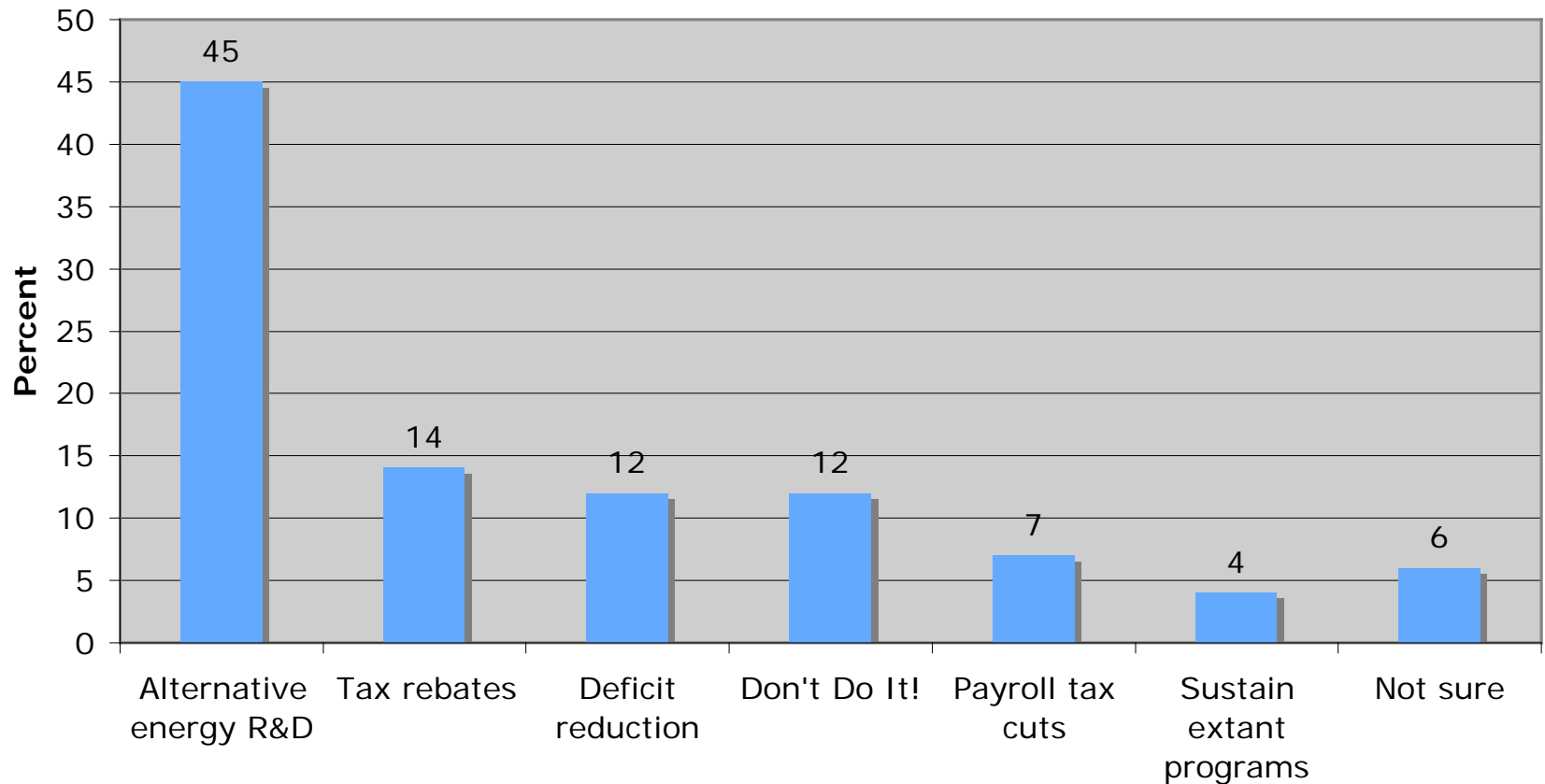
# *The Stealth Nature of State Energy Taxation: Toward an Implicit Carbon Price?*

- ✧ Social Benefit Charges/PBFs
- ✧ Gas excise tax indexation/expansion
- ✧ Energy trusts & Severance taxes
- ✧ Local/state energy ballot propositions
- ✧ NLC: Flurry of fee expansion/creation
- ✧ The RGGI auction process

# *Support for Carbon Tax (Nov. 2010)*



# *Use of funds if carbon pricing imposed (Nov. 2010)*





# *Comparative Federalism and the Future of Energy Policy*

- ✧ Significantly similar patterns across federated systems (Canada, Australia, EU...)
  - ✧ Preference for the “worst” tools; Aversion to the “best” tools
  - ✧ Outlier cases to pursue aggressive pricing—entrepreneurship & fiscal reframing (British Columbia)