



THE COMMITTEE ON ENERGY AND COMMERCE

MEMORANDUM

July 22, 2014

TO: Members, Subcommittee on Energy and Power

FROM: Committee Majority Staff

RE: Hearing on “Laboratories of Democracy: The Economic Impact of State Energy Policies”

On July 24, 2014, at 10:00 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Energy and Power will hold a hearing entitled “Laboratories of Democracy: The Economic Impact of State Energy Policies.” This hearing will consider the economic impacts from the differing energy policies of the various states, as well as how federal policies may impact states.

I. WITNESSES

- Mr. Tom Tanton, Director of Science and Technology Assessment, Energy and Environment Legal Institute;
- Mr. Fred Siegel, Senior Fellow, Manhattan Institute, and Scholar in Residence, Saint Francis College;
- Mr. Steve Clemmer, Director of Energy Research and Analysis for Climate and Energy Program, Union of Concerned Scientists;
- Mr. Steve Nadel, Executive Director, American Council for an Energy-Efficient Economy;
- Dr. Paul Polzin, Director Emeritus of the Bureau of Business and Economic Research, University of Montana;
- Dr. Bernard Weinstein, Associate Director, Maguire Energy Institute at the Cox School of Business, Southern Methodist University.

II. BACKGROUND

Within our nation’s federalism construct, states historically have maintained a great deal of control over energy policies and environmental policies that affect energy. The ability of states to develop their own energy policies has created an array of outcomes, which is to be expected given divergent political dynamics within each state, as well as the geographic and geologic differences affecting a state’s energy resources. Each state’s energy policy creates measurable economic impacts that affect the well-being of those living in a state. By examining the policies of individual states, Congress can potentially learn what policies should be copied or encouraged at the federal level.

According to Cliff Woodruff, an economist at the Bureau of Economic Analysis, of the states that saw economic growth in 2013, “five of the top states, [growth] were primarily a result of mining, which includes oil, natural gas and coal production.”¹ States that have allowed for advanced oil and gas extraction techniques, unleashing the shale development that has propelled the U.S. to the number one oil and natural gas producing nation in the world are seeing immense economic benefits. For example, between 2005 and 2012, nearly 90 percent of the job growth in Pennsylvania came from the oil and gas industry.² States that have similar oil and gas potential, but have prohibited development or that have large portions of their state owned by the federal government have not seen such growth.

State policies regarding electricity generation, transmission, and consumption also have immense impacts on a state’s economy. States with higher energy prices are often at a disadvantage in attracting (or maintaining) manufacturing and other jobs in energy-intensive sectors. The average retail price for electricity varies greatly between the states.³ Some states, through robust renewable portfolio standards or other incentives, have chosen to promote greater utilization of renewable energy, often times at higher costs. Recently, some states have voted to pare back these mandates or programs.⁴ Additionally, the Environmental Protection Agency’s (EPA) newly proposed regulations could change significantly the way states generate, transmit, and consume electricity by requiring states to submit individual or regional energy plans to be approved by EPA in order to achieve the agency’s predetermined carbon dioxide emissions targets for each state.⁵

The recent economic downturn and anemic growth that has lingered in the U.S. has only magnified the states that have defied the national trend. The economic impact of energy policies has a multiplier effect throughout a state’s economy that goes beyond the energy sector. A common factor among the states that have had sustained economic growth in recent years has been robust energy development and low energy prices, which further highlights the importance of examining the implications of differing energy policies.

III. ISSUES

The following issues are expected to be examined at the hearing:

- Energy policy differences among the states.
- The economic impact of particular energy policies.
- Federal intervention in state energy policy decisions.
- Energy policies that have the greatest economic benefits.
- The impact energy policies have on different demographic groups of a state.

IV. STAFF CONTACT

If you have any questions regarding the hearing, please contact Tom Hassenboehler or Jason Knox of the Committee staff at (202) 225-2927.

¹ Slideshow (2014, July 8) [10 states with the fastest-growing economies](#), The Wall Street Journal Market Watch.

² Spencer, Malia (2013, October 16) [When it comes to oil and gas job growth, Pennsylvania is tops](#), Pittsburgh Business Times.

³ See EIA [State Electricity Profiles](#), May 1, 2014.

⁴ Chow, Andy (2014, June 20) [Ohio Rolls Back Renewable Energy Standards](#), NPR.

⁵ See “Carbon Pollution Emission Guidelines for Existing Stationary Sources,” 79 Fed. Reg. 34830 (2014, June 18).