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## *Blame Sacramento, Not Moscow, for California's Energy Crisis*

A fixation on renewables and underinvestment in fossil fuels are causing real economic pain in the state.

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By Robert Bryce

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Electrical grid transmission towers in Pasadena, Calif., Aug. 15, 2020.

PHOTO: JOHN ANTZAK/ASSOCIATED PRESS

California's politicians and policy makers eagerly emulated Europe's energy policies for years. Like Europe, California overinvested in renewables, underinvested in hydrocarbons, prematurely shuttered its baseload power plants, and relied too heavily on imported energy. Now, as Europe is ensnared in [Vladimir Putin's](#) energy trap, Californians watch as the state's energy prices head toward the stratosphere.

On Feb. 25, the day after Russia invaded Ukraine, the Energy Information Administration reported that the [all-sector price of electricity](#) in California jumped by 9.8% last year to 19.76 cents per kilowatt-hour. Residential prices increased even more, jumping 11.7% to an average of 22.85 cents per kilowatt-hour. California residential users are now paying about 66% more for electricity than homeowners in the rest of the U.S., who pay an average of 13.72 cents per kilowatt-hour.

California's rates are rising far faster than those in the rest of the country. Last year, California's all-sector electricity prices increased 1.7 times as fast as the rest of the U.S., and residential prices grew 2.7 times as fast as in the rest of the country.

These increases are terrible news for low- and middle-income consumers in California, which has the highest poverty rate in the country. The surging energy costs show yet again the ruinously regressive effect of Sacramento's decarbonization policies, which

include a requirement for 100% zero-carbon electricity and an economywide goal of carbon neutrality by 2045.

The bad news is that energy prices are soaring at the same time consumers in the Golden State are grappling with the highest rate of inflation in four decades. The even worse news is that today's high prices are only a taste of the pain to come.

On Feb. 10, the California Public Utilities Commission unanimously approved a scheme that would add more than 25 gigawatts of renewables and 15 gigawatts of batteries to the state's grid by 2032 at an estimated cost of \$49.3 billion. Also last month, the California Independent System Operator released a draft plan to upgrade the state's transmission grid at a cost of \$30.5 billion. The combined cost of those two schemes is about \$80 billion. Dividing that sum among 39 million residents works out to about \$2,050 for every Californian.

Remember, these are only estimates. With rampant inflation hitting everything from zinc and lithium to nickel and aluminum, the final cost could be far higher. For proof of how big public-works projects can exceed initial estimates, consider California's high-speed train. That project is now expected to cost \$105 billion, which is 2½ times the \$42 billion Californians were told they would pay when it was launched in 2008.

California residents also face pain at the pump. The average price of regular gasoline in the state is now \$5.72 a gallon, according to the American Automobile Association. Gas prices are particularly important to the working class, tradesmen and others who must commute to their jobs. High-cost motor fuel imposes a regressive tax on Californians who don't have jobs in what civil-rights attorney Jennifer Hernandez calls "the keyboard economy."

When it comes to electricity production, climate activists never tire of claiming that weather-dependent renewables are cheaper than fossil fuels. But the state's rising electricity prices, and Europe's energy crisis, prove those claims false. The hard truth is that California policy makers are providing a case study on how not to manage an electric grid.

What should be done? California's political leaders need big doses of energy realism and energy humanism. Gov. Gavin Newsom should act immediately to prevent the closing of the Diablo Canyon nuclear plant and begin pushing for the rapid deployment of new nuclear plants, including small modular reactors. He should also commission a study to determine the total cost of the state's climate goals and implement measures that will allow California to produce more of the energy it needs, including oil and natural gas.

If California wants to continue attracting residents and industry, it can't ignore the regressive effects of its climate policies on the poor and working class. Climate change is a concern. But Europe's energy crisis demonstrates what can happen when decarbonization is pushed too far, too fast. California must balance its climate goals with the energy needs of its most vulnerable citizens.

*Mr. Bryce is the host of the Power Hungry Podcast, executive producer of the documentary, "Juice: How Electricity Explains the World," and author of "A Question of Power: Electricity and the Wealth of Nations."*

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