



The Daily Dish

Crazy Dreamer

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Eakinomics: Crazy Dreamer

If you enter “Green New Deal” into the [Wu-Tang Clan Name Generator](#) (don’t ask why; just do it) you find out that its real identity is “Crazy Dreamer.” Exactly.

The Green New Deal, recall, is a loose collection of ideas aimed at the notions of clean energy, minimal energy use, and guaranteed employment. For example, the version proposed by the liberal group [Data for Progress](#) calls for [100 percent clean and renewable energy](#) by 2035 and zero net emissions from energy by 2050. Obviously, this would require the heavy hand of state intervention in the economy, the mere specter of which has made many wary. But how heavy would the regulation have to be?

AAF’s Dan Bosch [studied](#) the Data for Progress version, which happens to have the most specific regulatory policy requirements of any version floated so far. He notes that the regulatory burden can be classified into four categories. In his words:

- Type I - Rules previously finalized that would need to be fully implemented
- Type II - Strengthening current efficiency, emissions, and other environmental standards
- Type III - New regulatory schemes that may be permissible under existing authorities
- Type IV - New regulatory schemes that would require congressional authorization

How much would this cost? It is hard to say.

The Type I regulations are literally the only known entity, and Bosch estimates that they come with a price tag of \$16.5 billion to cover the Clean Power Plan, Waters of the U.S. rule, and others. Under the Type II heading are things like maximum strengthening of energy efficiency requirements, setting emissions standards for passenger and light-duty

vehicles at net zero, and others. The Type III actions use existing authorities for new regulations. For example, the Green New Deal would set net-zero energy and high-performance building standards for new commercial and residential structures (as well as retrofitting existing structures). Finally, Type IV would clearly need congressional legislation to establish energy efficient resource standards for all oil and gas operations, bans on single-use plastics, and requirements for sustainable farming and soil health practices.

There is no easy way to put a price tag on the entire enterprise, but Bosch notes: “It is difficult to overstate how extraordinary the actions of agencies and Congress would need to be to meet the plans called for in the Green New Deal. If, somehow, those extraordinary actions occurred, regulated entities would face steep compliance challenges at remarkably high costs certain to have a negative economic impact.”

That seems like an understatement, if anything. In separate [work](#), AAF’s Philip Rossetti tries to put a price tag on the cost of going to 100 percent renewable electricity. His bottom line? Moving 100 percent of production to renewable sources would require at least \$5.7 trillion of investment in renewable energy and storage, or about \$430 billion annually.

Crazy Dreamer.