

Roth: Supply and demand for the Oklahoma energy future

By [Jim Roth](#), Director and Chair of the Firm's Clean Energy Practice Group. This column was [originally published in The Journal Record](#) on May 15, 2017.



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We Oklahomans are proud producers of products our country and the world needs. We help supply many of the demands of others in the form of our exported wheat, oil, natural gas and clean energy.

More and more, corporate America is showing increased demand for renewable energy and our state's abundant supply should be attractive for investment and growth for years to come. That

is, so long as our state policies do not hurt our potential.

Imagine if we were competing against Kansas for wheat customers around the globe (as we are by the way) and Oklahoma opted to end all of its wheat incentives, while Kansas did not. Kansas would have a market advantage as demand for cheaper supply proves out for Kansas' cheaper wheat than Oklahoma's.

The most fundamental concept in economics, and the foundation of any market-based economy, suggests that demand and supply will allocate resources in the most efficient way possible, usually dictated by price. In the wheat example above, Oklahoma losing a competitive advantage to Kansas may leave us with the proverbial chaff, that husky part surrounding the wheat, while the grain remains in Kansas' economy.

Such may be the case with Oklahoma's renewable energy future, now that state leaders have acted to eliminate the last incentive for wind energy, while neighboring Kansas and Texas, with similarly strong wind resources, have not. In fact, both Kansas and Texas offer a number of remaining incentives, even though Kansas is facing a similar budget dilemma as Oklahoma.

What is worse, some anti-wind special interests are now even pushing for a new tax on wind energy, which would further harm Oklahoma's energy potential, worsen our "competitiveness for investment" and would raise every Oklahoman's monthly utility bill. All the while, America's corporate leaders are looking for more renewable energy now more than ever. Will they look to Oklahoma and bring their dollars here, or will they follow the law of economics and go where the supply is cheaper?

Here is the coming market. More American companies than ever are directly buying or building their own renewable energy projects. From Facebook and Apple to General Motors and Ford, America's largest corporations are building their brands around the clean energy future. While some may have

philosophical reasons for clean green energy, most companies are still profit-focused with their energy choices and they see the green of renewable power as the cost savings from today's cheapest form of power. That cheapness will drive their business investment and decisions to other states if Oklahoma allows other anti-wind policies to destroy our cost-competitiveness and future energy potential. That would mean less direct funding to schools that wind pays through property taxes. That would mean less direct payments to Oklahoma farmers and ranchers for leasing their land. And it would mean less jobs in a steady energy industry free of the boom and bust cycles that has whip-sawed our history.

So, my fellow Oklahomans, please watch closely the next two weeks as our Legislature makes choices for or against our future energy potential. These two weeks may very well lay the reality for Oklahoma's economy and energy vitality for many years to come.

Jim Roth, a former Oklahoma corporation commissioner, is an attorney with [Phillips Murrah P.C.](#) in Oklahoma City, where his practice focuses on clean, green energy for Oklahoma.