Dan's post about the connections among various efforts to decrease renewable energy production raises the question of why fossil fuel interests would want to take those steps. One obvious answer is the potential for economic competition in the future – though to the extent that renewable energy continues to be more expensive than many fossil fuel options, that depends on (uncertain) predictions about future changes in the relative costs of the two categories.

Another, perhaps less obvious answer has to do with the political implications of a strong and growing renewable energy sector. As that sector grows, it will create jobs, produce profits for owners and investors, pay taxes, etc. All of that will give renewable energy not just more economic power, but also political power. And the renewable energy sector may use that political power to push for a range of policies that could benefit it: subsidies and tax credits, the imposition of regulations that benefit the industry, the relaxation of regulations that hurt the industry. There is a non-trivial possibility that many of those policies will hurt fossil fuel interests. For instance, the renewable industry sector might want to push for more stringent renewable portfolio standards (in which regulated utilities are required by a state to produce a certain amount of power from renewable sources), or to get more states to adopt RPSs. Or they might push for cap-and-trade or carbon tax measures at the state, regional, or national levels. All of these would be dangerous to fossil fuel interests (much more so for coal and certain forms of oil production like tar sands than for natural gas). So better to squash the renewable energy sector when it is still small, before it becomes a real political force.

There is some evidence that this political dynamic is important. I have a draft paper that investigates the political campaign over Proposition 23 in California in the fall of 2010. Proposition 23 would have effectively repealed the state's new global warming regulations under AB 32. That Proposition lost by a wide margin (almost 20 points!), even though California was one of the worst hit states in the recession. Indeed, the Proposition lost even in some of the conservative counties in California – and California has some very conservative counties! A key part of the campaign was that the interest group landscape was stacked against the proponents of Proposition 23 from the beginning. Because of the long history of California's efforts to encourage energy efficiency and renewable energy, not only was there already a substantial renewable energy industry in the state that could provide financial and political support opposing Proposition 23, but also most of the major corporate players within the state (such as the utilities) did not have an economic interest in supporting Proposition 23, and indeed many contributed to the campaign against. As a result, almost all of the funding for the Proposition had to come from outside the state, specifically two Texas oil companies – giving opponents of the Proposition a golden campaign slogan: “Stop Texas Oil.” That was a winning slogan in California.