

Finding Our Way Through a Perfect Energy Storm

By [Gerard Scimeca](#)
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Who would ever have imagined that the Jimmy Carter years, with its pet rocks, roller disco, and leisure suits would now be considered the “good old days?” Sadly, given the record price of gasoline (spiking to over seven dollars a gallon in some regions), that's where we now seem to be. Energy markets around the country are facing supply and price pressures not seen in generations, which is affecting far more than just the price at the pump. Dire market dynamics are firmly entrenched within other sectors, from propane to natural gas to coal.

The result, according to the head of the International Energy Agency, is a multi-faceted crisis that reaches beyond even the gas price spikes of the 1970s in its severity while being far broader in reach.

In a nation that was seemingly energy independent just a few years ago it's important to question the path we took to this perfect storm of energy price and supply pain. As it turns out, the answer does not involve a straight path but many wrong turns along the way.

A key contributor to our current energy woes is the way we have mismanaged our energy markets at the highest levels of government in the United States. **We are here because we devalued and failed to comprehend the urgent importance of reliable baseload energy sources.** And we're here because for decades some politicians have prioritized ideological objectives over sound policy.

Amid the rise of solar, wind, and other non-fossil energy sources, far too many lawmakers and regulators were eager to toss aside fossil fuel-based energy. Upon the first signs of scalability on the part of renewables, they not only pursued policies that subsidized and incentivized renewables' growth, they also rushed to make traditional energy sources less economical through countless restrictive policies and heavy-handed regulation. The result converted the energy sector into a sort of artificial market – one that encouraged and rewarded renewable energy while actively discouraging and even punishing fossil-based energy through a maze of tax credits on one side and severely harsh regulatory policies on the other.

We're living the consequences of those actions today. Not only are gas prices at record highs across the nation, but we also face a shortage of coal, propane, natural gas and other fuel sources.

When power plants find themselves in need of an influx of affordable fuel to meet demand, the supply constraints in place today mean that fuel, far too often, simply isn't available. Facilities throughout the South, including those in Florida and South Carolina are facing what is sure to be an extremely hot summer, and already lack the coal stockpiles necessary to ensure reliable electricity generation.

As important as policy is there is no denying that global factors play a sizable role of their own. During a period of remarkable tumult including, but not limited to, runaway inflation and a huge land war in Europe of all places, we're seeing a combination of challenges come together all at once to wreak havoc on markets of all types – not just energy. But the presence of these complicating factors shouldn't lead us to continue on the path of energy policies that marginalize the role of fossil fuels in ensuring our energy needs.

The current mess is a reminder of why it's so important for policymakers to avoid a myopic impulse to go "all-in" on one fuel source or another, as well as the allure of putting political objectives on a pedestal to peer down at market fundamentals.

Diversity of resources is, has been, and will remain for the foreseeable future the key to maintaining a stable, efficient, dependable domestic energy supply. That consideration has to be accounted for even if it's out of political favor. As prevailing voices have vilified coal, for example, there is simply no denying its foundational importance as a resilient energy resource that is able to meet demand 24/7. We see this playing out across our own nation and especially Europe, where nations are desperately scrambling to put coal back online.

None of this would have been necessary of course if prudent stewardship, that understood the necessity of traditional fuel resources to meet long-term energy needs, had won the day. It should be hoped that lawmakers and regulators will cement the notion within their belief system that we cannot cast aside a critical energy commodity until we have one capable of fully taking its place. If this message is not heeded then we should fully expect that the dreadful consequence of today's energy crisis,

along with its subsequent economic impact, will be the “good old days” of tomorrow.

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