POLITIFACT

Fact check: Ad misleads about Dan McCready backing bill costing consumers $149 million

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Democratic congressional candidate Dan McCready has made a name for himself as a clean-energy businessman in North Carolina. However, Club for Growth Action, a conservative-leaning PAC, has come after him for his energy business in a new attack ad.

"A tax-exempt special interest outfit McCready helped run pumped $450,000 into lobbying for costly state energy regulations that benefited McCready's own business. Then, McCready handed you the bill. The cost to consumers here? $149 million a year in higher energy costs," the ad said.

McCready's spokesman, Matthew Fried, said the ad's claim that solar energy has raised rates is "demonstrably false."

When asked where it got the information for the ad, Club for Growth referenced an article from the Washington Examiner that echoed the claims made in the ad.

Did Mccready back 'costly' energy regulations?

Before McCready ran for Congress, he was the co-founder of Double Time Capital, an investment firm launched in 2013 that focuses on solar farms in North Carolina. Because of his involvement in sustainable energy, McCready was named a member of the North Carolina Sustainable Energy Association's 2015-2016 board of directors, meaning he served on the board from January 2015 to December 2017.

The $450,000 figure could mislead voters, since it includes lobbying money spent before McCready joined the NCSEA board. But we decided to investigate specifically the most hard-hitting part of the ad, that he backed legislation that cost consumers money.

Why we're checking this

We check claims that are widely shared or published; are about a topic of concern to many of our readers; can be proven or disproven through facts; and could cause people to act or vote in a certain way. This topic met all the criteria.

The race for the 9th Congressional District is going to be a close one. The Charlotte Observer reported last week that multiple GOP groups spent $4 million in ad buys against McCready. This means that this Club for Growth ad is one of many that will be popping up ahead of the Sept. 10 special election.

Additionally, electricity is an important expense for many households.

The Club for Growth ad aims to convince voters that McCready lobbied in order to grow his renewable business at their expense.

The "costly state energy regulations" the ad refers to is North Carolina's Renewable Energy Portfolio Standard, established in 2007, eight years before McCready was elected to the NCSEA board. It requires all investor-owned utilities in North Carolina to get 12.5% of their retail electricity sales from eligible renewable energy resources by 2021.

In 2015, a bill in the state House, House Bill 760, would have revised the standard to only require utilities to get 6% of their electricity from renewable energy resources. This legislation passed the House but died in committee in the Senate. A 2015 report from the North Carolina secretary of state's office shows NCSEA spent $288,842.97 on lobbying that year.

We couldn't find research showing what would have happened to costs if HB 760 had become law. But there are estimates about the cost of these standards more generally.

Did RPS cost taxpayers '$149 million a year?'

The Washington Examiner article quotes a study by Utah State University and Strata Policy. A 2017 update of the study estimates RPS costs residential electricity consumers $149 million, or $34 per person and a 2.3% increase in cost to residential consumers.

The credibility of this study has been contested by left-leaning groups.

David Pomerantz, executive director of the liberal-leaning Energy and Policy Institute, said the study may have been tied to the oil industry because of funding the university received from an oil mogul. The head researcher, Randy Simmons, served as the Charles G. Koch Professor of Political Economy at Utah State from 2008 to 2013. He said this is just one element of a "fatally flawed" study.

"The lynchpin of the study's 'economic analysis' is that it looked at how states that passed RPS laws fared economically before they passed compared to how they fared after they passed. That method conveniently (if you want a skewed outcome) takes advantage of the fact that many states passed their RPS right around the time of the onset of the 2008 recession," Pomerantz said in an email interview with the News & Observer.

We looked into this issue and found that there are many different studies on the effects of RPS, and their estimates of the program's overall cost range from slight savings to cost increases. Lori Bennear, a professor of energy economics and policy at Duke University said this is because of "methodological challenges in isolating the impact of RPS's on electricity costs."

The National Renewable Energy Laboratory did a comprehensive study that found RPS could cause energy cost savings of up to 0.7% or a cost increase of up to 0.8%.

Peter Van Doren, a senior fellow at the conservative-leaning Cato Institute and an expert on the regulation of housing, land, energy, the environment, transportation, and labor, pointed to a study from the University of Chicago which estimated cost increases of 11-17% of retail rates.

Of course, the renewable standards have benefits, too. The University of Chicago study estimated that renewable energy can save from $115 to $530 per metric ton on costly carbon dioxide emissions.

A range of studies estimate that renewable standards do increase electricity rates. How much rates increase is estimated from less than 1% to 17% of retail rates. However, the Club for Growth ad misses the benefits of renewable energy, Bennear said.

Our ruling

The Club for Growth ad says McCready backed regulations that would cost consumers $149 million a year in their electric bills.

While it is true that the clean-energy group pushed to keep a renewable portfolio standard in North Carolina, the standard had already been established for close to a decade at the time McCready joined the group's board.

It is misleading to say that NCSEA lobbied for "costly state regulations" when RPS had already been in the law for years before the House put forward legislation that would have watered it down.

The ad gives an exact figure for the costs of the standard, but experts told us that estimates on the effects of RPS vary widely, ranging from savings to costs.

What's more, the ad fails to mention that renewable energy decreases toxic and costly carbon dioxide emissions.

Therefore, we rate this statement Mostly False.