Electric Utilities and American Climate Policy: Lobbying by Expected Winners and Losers

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**Question**: Among electric utilities, who lobbies for or against climate policy in America?

- Lobbying: key input of economic policy
- Firm behavior: research frontier in international, comparative political economy
- Federal climate policy: breaking global warming gridlock
Answer: Expected winners lobby individually and collectively, expected losers only collectively

- Expected winners: details of policy – private good, individual action
- Expected losers: stopping legislation – public good, collective action
Expected losers
- Collective interest: Stopping legislation
  \[\rightarrow\] collective lobbying
- No specific individual interest
  \[\rightarrow\] no individual lobbying

Expected winners
- Collective interest: Implementing new legislation
  \[\rightarrow\] collective lobbying
- Individual interest: Passing specific provisions
  \[\rightarrow\] individual lobbying

Identifying winners and losers
- Winners: renewable energy, natural gas
- Losers: coal
Hypothesis 1. High coal use does not predict active individual lobbying by electric utilities.

Hypothesis 2. High renewable energy use predicts active individual lobbying by electric utilities.

Hypothesis 3. High natural gas use predicts active individual lobbying by electric utilities.
Research Design

- Lobbying (YES/NO) on major climate bills, 111th Congress (2009-2010)

- All regulated and independent electric utilities in American, \( N = 1,655 \)

- Renewable, natural gas, coal electricity generation (logarithm)

- Controls: utility type, other electricity generation, political environment, policy environment, region/state dummies
**Findings: Renewables**

![Graphs showing the relationship between lobbying and renewable net generation logged.](image-url)
**Findings: Natural Gas**
Conclusion

Summary:
- High electricity generation from coal → Individual lobbying
- High electricity generation from renewable energy or natural gas → Individual lobbying

Consequences of individual lobbying:
- Lack of collective action may undermine development of new climate legislation
- Particularistic preference for “pork barrel” may undermine effectiveness of new climate legislation