



The Real-Economy Costs of Climate Policy

Electric Vehicle Adoption and State Net-Zero Electricity Regulation

By Geoffrey Pohanka, Chairman, Pohanka Automotive Group.

Adapted from remarks delivered at the 16th International Conference on Climate Change (ICCC-16), April 2026, Washington, D.C.¹

Introduction

Two big pushes are underway in the name of climate policy. One is meant to force the American car business toward electric vehicles. The other is remaking the electric grid in the states that have written net-zero targets into law. Neither is going the way it was promised. The transition to electric vehicles has cost automakers and taxpayers well over \$100 billion and produced cars most families cannot afford. It rests on an emissions claim that even its backers admit is unproven. In the states that put net-zero into law, the clean-energy future has shown up mainly as higher electric bills and a grid the operator now warns could go dark.

This paper looks at both, from the vantage point of a career spent in the automobile business, and it backs the case with hard numbers from company filings, grid operators, and government agencies. The first half examines the failed economic transition to electric vehicles and the regulations that forced it. The second examines what state net-zero electricity mandates have done to the real economy, with Maryland, a typical blue state on the PJM grid, as the example. The story is the same on both sides. Regulators impose the costs, ordinary people pay them, and the whole thing is defended with computer models instead of results. The way out is not more mandates. It is reliable power, real competition, and honest books.



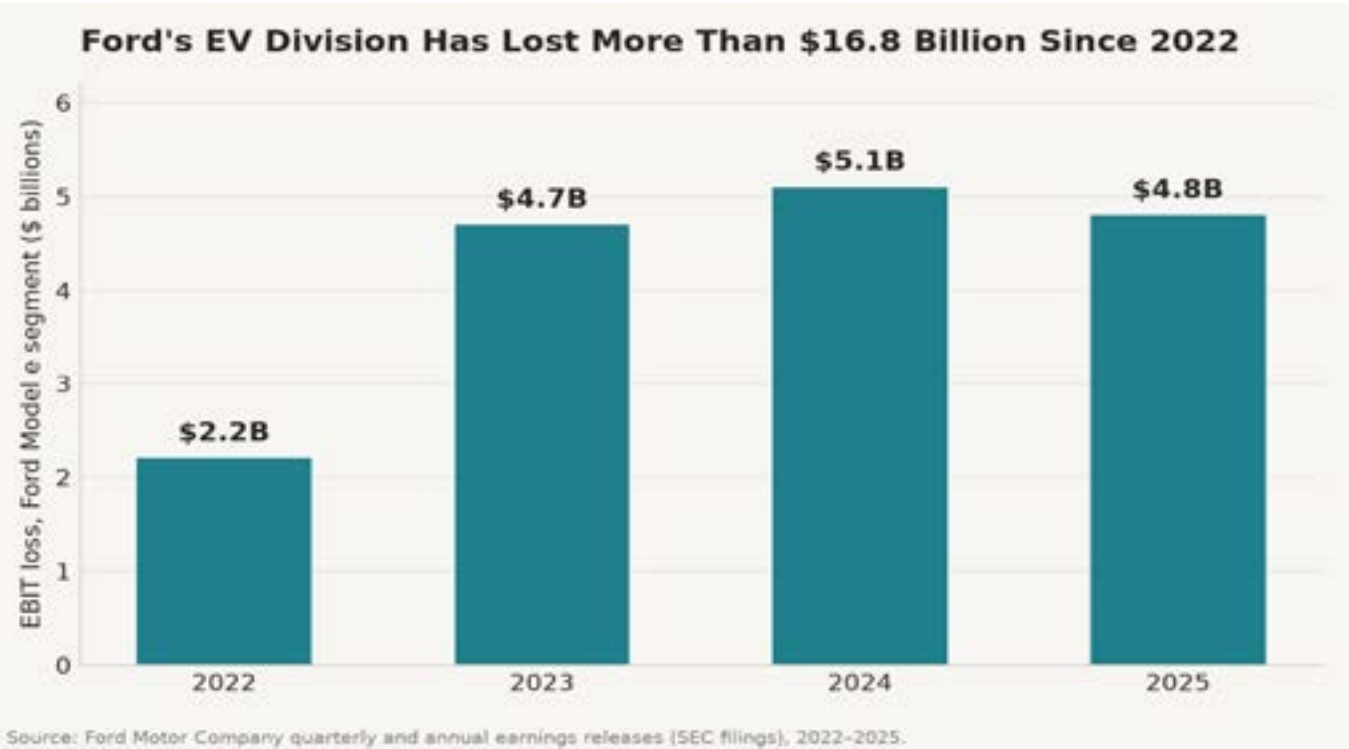
The Failed Transition to Electric Vehicles

The transition to electric vehicles has not gone well. Consumers are smart, and no mandate makes a family buy a car that does not fit their life or their budget. What is left is a slow-motion failure measured in the tens of billions, borne by automakers and by taxpayers.

The legacy automakers, mostly in the United States and Europe, have piled up more than \$100 billion in losses and write-downs on their electric-vehicle programs, chasing demand that never showed up with investment that ran years ahead of it. Ford, General Motors, Stellantis, Honda: every one of them is pulling back now, idling plants and returning to hybrids, after losing an average of nearly \$21,000 on each EV they sold. And that \$100 billion is only the money the manufacturers wrote off themselves. It says nothing of the billions more the federal government spent on buyer subsidies, charging stations, and grants for battery and assembly plants that may never run at capacity.

No law ever told an American he had to buy an electric car. It did not have to. To meet the federal tailpipe rules, roughly 65 percent of a manufacturer's sales would have to be electric, and every vehicle that fell short carried a penalty of up to \$25,000. The industry had swallowed a target near 50 percent. At 65 percent it finally balked. But automakers, as a rule, go with the flow instead of standing up for themselves, and most fell into line. Toyota was the exception, and it took heavy criticism for saying out loud what its own engineers already knew: The numbers do not work.

Ford shows the damage most clearly because it is one of the few automakers that reports its electric results on its own. In 2025 it sold 84,113 electric vehicles and lost \$4.8 billion doing it, about \$57,000 a car;^{1 2} and its EV losses since 2022 now top \$16 billion.³

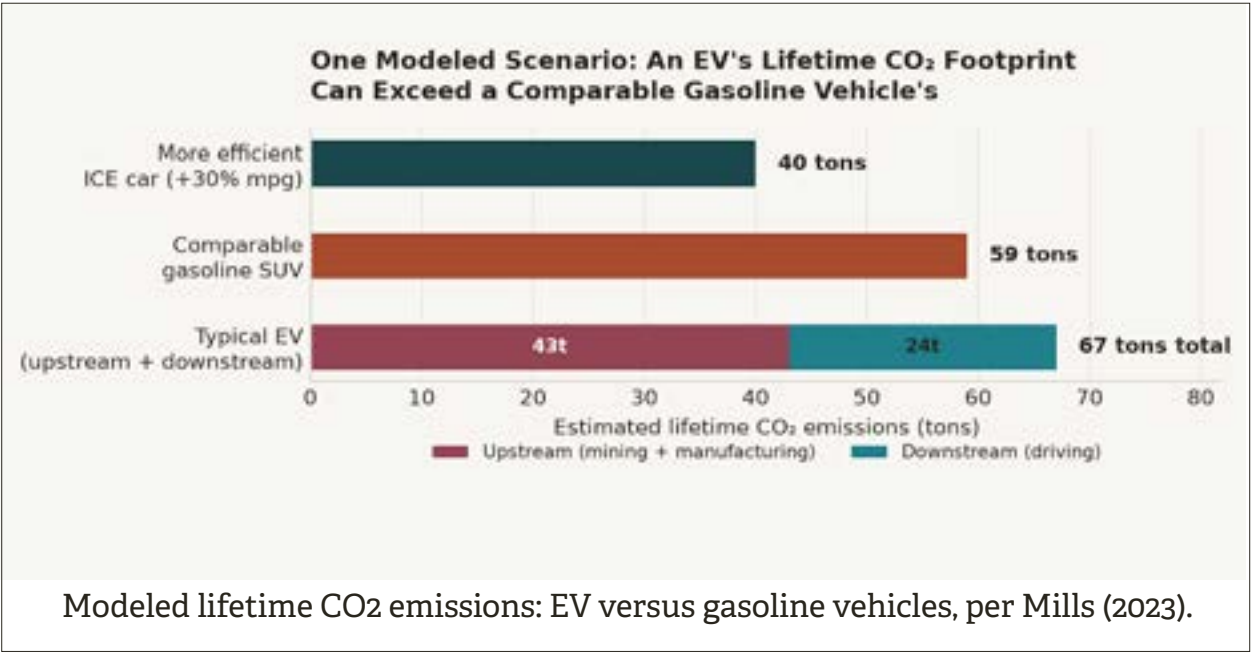


Ford's Model e segment losses, 2022 to 2025 (EBIT basis).

The pure-play electric makers do worse. Rivian lost roughly \$85,000 on every vehicle it delivered last year.⁴ Lucid lost on the order of \$170,000 a car and is still in business mainly because it has a rich uncle in Saudi Arabia, in the form of its majority owner.⁵



And the losses on the books are only the part anyone can see. Mark Mills laid it out in his 2023 essay “Electric Vehicles for Everyone? The Impossible Dream”: building a single EV battery means digging up and processing something like 500,000 pounds of earth, and the carbon math is so murky that no one can honestly say whether any of this lowers emissions at all.⁶ What is not in doubt is who pays. The average new car now runs past \$50,000, up from about \$38,000,⁷ which prices a new vehicle out of reach for roughly three out of four Americans and leaves the average car on the road more than twelve years old⁸ — less safe, dirtier, and still running precisely because the electric replacement costs too much.



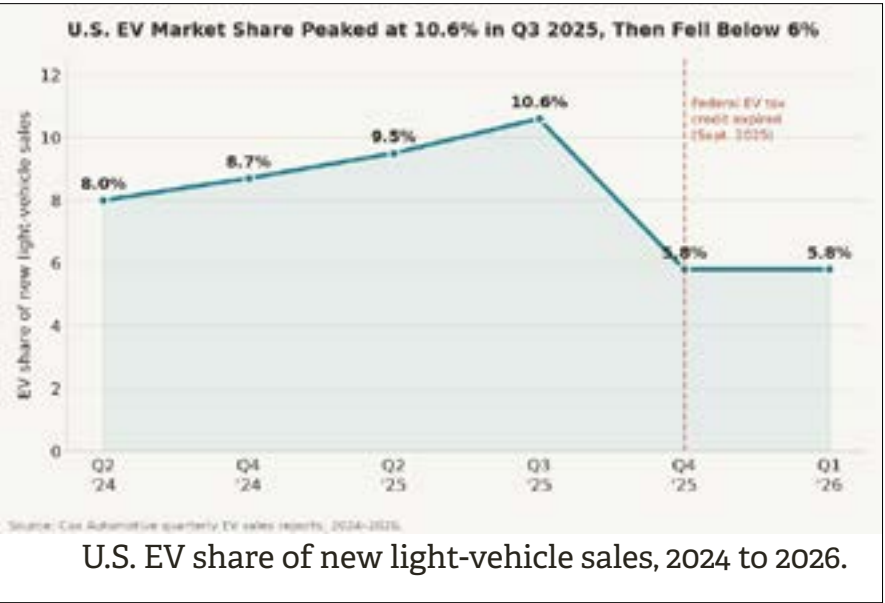
None of this had to happen, but everyone was chasing the same ghost. Tesla proved that an electric-car company could be worth more than all of Detroit put together, and every legacy maker set out to be the next Tesla. Being first, though, is not a plan anyone else can copy. Charles Lindbergh is remembered for crossing the Atlantic alone; almost nobody can name the second man to do it. General Motors chief executive Mary Barra stood up at the Economic Club and told the room that Americans would soon all be driving electric, even as the people inside her own company were warning it could not be done at a profit. The bill for that kind of thinking is still coming due: As the first waves of leased EVs come back to the dealers, they will be marked down hard against the market's brutal read on how fast these cars lose their value.

The Charging Problem Nobody Priced In

Even if buyers wanted these cars in the numbers the mandates assume, the grid was never built to fuel them. Plug a Level II charger into one house and that home's electricity use can jump 500 percent.

Public charging runs into a wall the planners never accounted for, and it is worth walking through, because it is the sort of thing a person learns only by digging into the actual utility bills. A demand charge is a premium a utility charges a commercial customer on its single highest fifteen minutes of power draw in a billing cycle, and it can run as high as \$35 per kilowatt. Work it through for a fast-charging station like the 2024 analysis done for RealClear Energy.⁹ Take a station in Colorado, where the median demand charge is about \$16.65 per kilowatt. Give it ten fast chargers and put ten cars on them at once, each pulling 120 kilowatts. The station is now drawing 1,200 kilowatts, about what a thousand homes use at the same moment, and that one spike sets the demand charge for the entire month: 1,200 times \$16.65, or \$19,980.¹⁰ That fee buys no electricity at all. It is simply the price of having asked for the power, and the money made selling that power does not come close to covering it. McKinsey, no enemy of the transition, ran the same math and reached the same answer: as things stand, public fast charging cannot be run at a profit.¹¹ So how does a country set out to rebuild its entire fueling system without first checking whether the fueling stations can stay in business?

The market is already voting with its feet. Electric vehicles have slipped from about 9 percent of new-car sales toward under 6 percent as the subsidies fade and buyers do the arithmetic.¹²



A Global Industry, and China’s Long Game

The automakers taking these losses are global, and they run into the same vise overseas. The European Union, Canada, and others are all marching toward allowing nothing but zero-emission cars to be sold by 2035.^{13 14} The current administration in Washington understands the car business in a way the last one did not and has started lifting the most expensive burdens, from the tailpipe rules to the start-stop systems to the costly refrigerants that add price to every vehicle. What matters now is making that relief permanent, because whatever one administration lifts, the next one can put right back.

Meanwhile, while the West mandates its own industry into the red, China is playing a completely different game and playing it well. It is bringing a new coal-fired power plant online roughly every week and has accounted for almost all of the world’s new coal construction, because it means to have the power its economy needs.^{15 16} Building cars is about 10 percent of China’s economy, against 2 to 3 percent in this country,^{17 18} and Beijing intends to own the global market. It gave itself a running start years ago by locking up the mining and processing of the critical minerals that an electric vehicle cannot be built without.^{19 20} And the cars are no longer junk. They are well designed, increasingly high-tech, and redesigned as often as every two years.

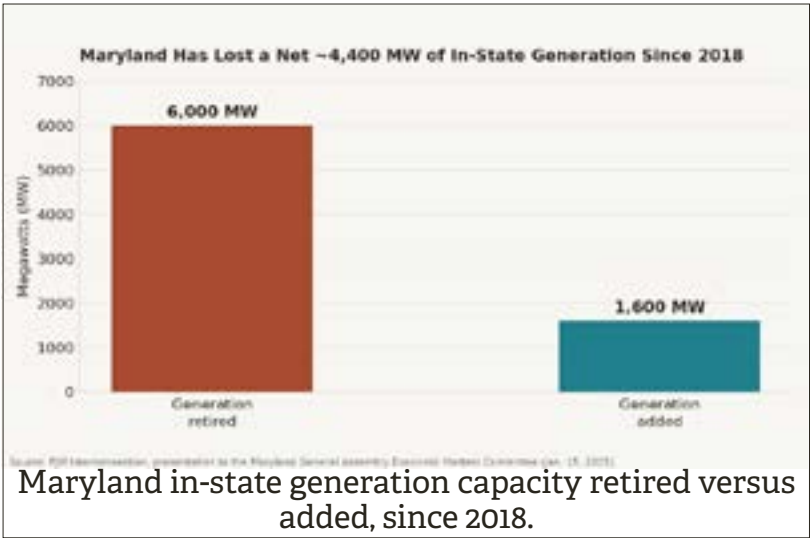
The strategy is cynical, and it works. China is using the West’s fear of climate change to sell the West green products, cashing in on emissions rules it has no intention of living by. It is not a consumer economy the way the United States is. It lives on exports; its car industry is heavily subsidized, and even tariffs do not always stop it, because for Beijing this was never about profit and loss. It is about GDP, jobs, and leverage. Chinese cars, gas and electric alike, are now a real threat to every other country’s auto industry, and the plan behind them has almost nothing to do with the climate and almost everything to do with power.

The Second Front: State Net-Zero Rules and Maryland’s Grid

The second front hits closer to home. When a state writes net-zero into law, it lands on the grid and in the family budget. For example, Maryland is a typical blue state and a member of the PJM grid, and the number is hard to argue with: Residential electricity prices are up about 44 percent since 2020.²¹



The reason is no mystery. Maryland has lost roughly 6,000 megawatts of its own generating capacity, most of it from coal plants that shut down, and it is largely not replacing it.²² The same thing is happening next door, with New Jersey down nearly 30 percent and Delaware down almost half of their in-state generation since 2018.



And none of it was an accident. In 2022, the legislature passed the Climate Solutions Now Act, ordering greenhouse-gas emissions down 60 percent from 2006 levels by 2031 and to net zero by 2045.^{23 24} Maryland also belongs to the Regional Greenhouse Gas Initiative, which taxes and caps what fossil-fuel plants are allowed to emit. RGGI has added an estimated \$4.6 billion to the state’s electric bills, and it has steadily made reliable baseload plants too expensive to keep running, which is exactly how they end up closed.²⁵ A Baltimore Sun analysis found the RGGI charge can equal 44 percent of a plant’s gross revenue.²⁶ And in a detail that tells you what this is really about, \$282 million out of that fund is being spent this year not to clean the air but to help plug a hole in the state budget.²⁷

That pattern, money raised in the name of the climate and spent on something else, runs straight through Maryland’s energy programs. The state holds the Wagner oil-fired plant in Baltimore to no more than 5 percent of its capacity. It tacks an EmPower charge onto electric bills that pulls in about \$300 million a year to weatherize low-income homes, which is income redistribution by another name, most of it routed through nonprofits.²⁸ And the books are a black hole. The state comptroller has admitted Maryland cannot even say how much taxpayer money flows to these groups; the estimates run from \$1 billion to more than \$6 billion a year, with no central, transparent way to check where any of it goes.^{29 30} When someone finally looked, they found \$26 million handed to 23 Baltimore nonprofits, every last one of which had broken the state’s solicitation laws and been declared delinquent.³¹

A Grid on the Brink

Having closed its own power plants, Maryland now buys electricity from its neighbors. It imports about 42 percent of its power from Pennsylvania and West Virginia, a load equal to everything the state’s households use. Imported power costs more and pollutes more.³² Closing the last two fossil plants in Baltimore would require a new \$1.5 billion transmission line to Pennsylvania, which is a big part of why the transmission charge on a Maryland bill is now climbing faster than the cost of the power itself. A second line, \$500 million to link Pennsylvania and Virginia,

will be paid for in part by Maryland ratepayers even though the electricity is headed to Virginia. Electrons, it turns out, do not stop at the state line.³³

What Annapolis wants in place of the plants it is closing is an all-electric economy run on wind, solar, and batteries, with electric heat pumps replacing gas furnaces. Every building over 35,000 square feet is forced to go all-electric or pay a yearly fee. Then a genuinely cold January arrives, everything electric runs flat out at once, and the bills go through the roof. At the same time, demand is climbing to feed the data centers, or “Intelligence Centers,” as West Virginia Governor Patrick Morrisey likes to call them.³⁴ Artificial intelligence matters and is worth protecting. But the state has found itself a convenient story, blaming the data centers and Washington for the price spikes, when its own policies are a big part of the cause. The giveaway is in the numbers: electricity prices are climbing fastest in the states where demand is actually falling, and transmission costs are rising on the back of all that decentralized wind, solar, and imported power. Meanwhile, PJM, the grid operator, is warning of possible voltage collapse and blackouts as soon as the summer of 2027.^{35 36 37} Maybe that will wake somebody up.

What Would Actually Work

The problem is real, but it is not hopeless, and fixing it does not take another grand plan. Start with the shape of the shortage. There are only about 85 hours in a whole year when electricity is genuinely scarce, but those hours are brutally expensive to cover, and they are the reason whole plants have to be kept on standby all year long for a handful of hot afternoons.

So go at those hours directly. Data centers keep 100 percent backup power sitting on site. Require them to run it during the peak instead of leaning on the grid when it is already stretched thin. And require them to pay for the local transmission upgrades their own demand makes necessary, rather than smearing that cost across everybody’s bill.

On storage, the math has changed. Grid-scale batteries can buffer the grid faster and far more cheaply than building new plants: on the order of \$1 billion for a battery system against \$2 to \$3 billion and five or six years for a new natural-gas plant. The trouble, as the head of Pepco put it, is that batteries are not profit centers, so nobody has a reason to build them.³⁸ Which points straight at the real fix: in deregulated states, let the utilities own generation again. That puts more supply on the grid, and more competition into the market, and competition is what actually brings a price down.

The bottom line is not complicated. Stay on this road, and electricity prices keep climbing, reliability keeps slipping, and the cost of power becomes a heavier and heavier drag on the whole economy. Faced with that, the instinct in Annapolis, and in a lot of statehouses like it, is to chase the symptom: cap what utility executives are paid, cap what the utilities are allowed to earn. Neither one touches the cause. And the cause, on both fronts of this story, is the same. Somewhere along the way, a policy built on models and mandates got swapped in for one built on reliable supply. Until that gets turned around, the bill will keep coming due, both in the showroom and at the meter.

Endnotes

1

[Ford Motor Company, SEC Form 8-K Exhibit 99, Feb. 10, 2026; Electrive.](#)

2

[The Heartland Institute, 16th International Conference on Climate Change \(ICCC-16\).](#)

3

[Ford Motor Company, Q4 2025 Earnings Press Release; Yahoo Finance.](#)

4

[Rivian Automotive, SEC filing \(Q4/FY2025 earnings press release\), Feb. 12, 2026.](#)

5

[Lucid Group, Q4 and Full-Year 2025 Financial Results; Lucid Group, Form 10-K for fiscal year 2024, SEC EDGAR.](#)

6

[Mark P. Mills, “Electric Vehicles for Everyone? The Impossible Dream,” Manhattan Institute, July 12, 2023.](#)

7

[Cox Automotive / Kelley Blue Book, September 2025 Average Transaction Price Report.](#)

8

[S&P Global Mobility, “Average Age of Vehicles in the U.S. Continues to Rise,” May 22, 2024.](#)

9

[Geoffrey Pohanka, “Demand Power Charges Are the Achilles Heel of a Nationwide EV Fast Charging Network,” RealClear Energy, June 18, 2024.](#)

10

[National Renewable Energy Laboratory / Clean Energy Group, “Identifying Potential Markets for Behind-the-Meter Battery Energy Storage: A Survey of U.S. Demand Charges,” NREL/BR-6A20-68963, Aug. 2017.](#)

11

[McKinsey & Company, “Can public EV fast-charging stations be profitable in the United States?” Oct. 5, 2023.](#)

12

[Cox Automotive, Q1 2026 EV Sales Report Commentary; Autoweek, citing S&P Global Mobility.](#)

13

[Regulation \(EU\) 2019/631, consolidated version.](#)

14

[Government of Canada, Electric Vehicle Availability Standard.](#)

15

[Global Energy Monitor / Centre for Research on Energy and Clean Air, “China Permits Two New Coal Power Plants Per Week in 2022,” Feb. 2023.](#)

16

[Carbon Brief, “China Responsible for 95% of New Coal Power Construction in 2023, Report Says”.](#)

17

[U.S. Bureau of Economic Analysis data, via Investopedia.](#)

18

[State Council of the People’s Republic of China, “Auto industry accelerates green transformation,” Mar. 2020.](#)

19

[International Energy Agency, Global Critical Minerals Outlook 2025.](#)

20

[U.S. Energy Information Administration.](#)

21

[CBS News Baltimore, citing Office of Gov. Wes Moore; American Council on Renewable Energy, “Anatomy of a Bill Increase: Maryland”.](#)

22

[PJM Interconnection, presentation to the Maryland General Assembly Economic Matters Committee, Jan. 15, 2025.](#)

23

[National Caucus of Environmental Legislators, “Maryland Passes the Climate Solutions Now Act”.](#)

24

[Maryland Department of the Environment, Climate Pollution Reduction Plan, Dec. 28, 2023.](#)

25

[The Heartland Institute, 16th International Conference on Climate Change \(ICCC-16\).](#)

26

[Baltimore Sun, “Pavlak: green policy, RGGI,” Nov. 10, 2025.](#)

27

[Maryland Matters, “Moore, legislative leaders sign \\$70.8 billion budget into law,” April 9, 2026.](#)

28

[Maryland Public Service Commission, 2024 EmPOWER Maryland Energy Efficiency Act Standard Report.](#)

29

[Fox45/WBFF, “Billions in the dark: Maryland won’t say how much taxpayer money flows to nonprofits,” Jan. 7, 2026.](#)

30

[Fox45/WBFF, “MD Comptroller tracks every dollar in and every dollar out, but not nonprofit grants,” Mar. 26, 2026.](#)

31

[Fox45/WBFF, “Maryland struggles to track nonprofit funding amid billion-dollar budget deficit,” Jan. 22, 2026.](#)

32

[PJM Interconnection, presentation to the Maryland General Assembly Economic Matters Committee, Jan. 15, 2025.](#)

33

[The Heartland Institute, 16th International Conference on Climate Change \(ICCC-16\).](#)

34

[Office of West Virginia Governor Patrick Morrisey, press release, Feb. 26, 2026.](#)

35

[PJM Interconnection, 2027/2028 Base Residual Auction Reserve Target Shortfall Report.](#)

36

[The Detroit News, “Data centers face possible forced outages in plan to avert blackouts,” July 28, 2026.](#)

37

[PJM Interconnection, “BESS Technical Viability: Wagner and Brandon Shores Retirements,” Special Report, May 3, 2024.](#)

38

[The Heartland Institute, 16th International Conference on Climate Change \(ICCC-16\).](#)