



Basis Points – May 12, 2022

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Above the Fold

Why Green Energy Trends May Be Triggering Higher Prices (or Worse)

Electric grid operators across the country are worried about power availability as the world switches to more renewable energy sources. Thermal powerplants, such as coal and natural gas plants, are being shut down faster than renewable powerplants are being built. Grid operators see the possibility of rolling blackouts this summer during heatwaves in places like California, Texas and Indiana. Unlike coal and natural gas, renewable energy sources like solar and wind don't produce energy around the clock. They are dependent on the weather and require large battery backups to store energy for times of low production.

As traditional energy-producing facilities (like coal) continue to scale back or close, experts fear the efforts to build battery storage are not going to be enough to compensate for constant demand. Over the last few decades, outages have become much more of an issue as power plants age and weather conditions get increasingly severe year after year. With natural gas prices doubling in 2022 and renewable energy plants not being built fast enough to meet the demands, grid operators are struggling to find a way to encourage battery build-outs and other new technologies while keeping older traditional plants operational to help meet the demands and avoid calling for blackouts.

Interim chief executive of the Electric Reliability Council of Texas, Brad Jones, said: “We’re all trying to find ways to utilize as much of our renewable resources as possible ... and at the same time make sure that we have enough dispatchable generation to manage reliability.” Lawmakers may need to help ensure a more balanced transition between fossil sources and renewables; let’s hope they get it right.

Three Things

Inflation Hits Healthcare

To help offset the rising salaries of nurses following the pandemic, some hospitals are asking for a major increase in premiums. In the past, hospitals would call for 4% to 6% price increases to help offset costs in times of need. This time, hospitals are requesting health insurers and businesses to pay premiums up to 7.5% to 15% more than the current rates. Health insurers and employers are pushing back, however, stating that the price increase on healthcare would be too expensive for their own employees to afford.

Balance Could Be Coming to the Real Estate Market

With mortgage rates still continuing to climb, there could be some normalcy returning to the housing market. According to Zillow, March showed a rise in inventory for homebuyers to choose from. This means that even with higher-than-average mortgage rates, buyers may get some relief knowing there could be another house on the market soon. Homes are still more expensive than they were last year, with the average home costing 20.6% more than in 2021. Rent, however, has risen less than 1% since February, and experts think this rate will continue to slow. This could mean renters are more likely to stay in their rentals rather than buying a home, with mortgage rates as high as they are, further reducing demand.

Remote Work, Unwilling Americans Sending Tech Jobs Overseas

The tech industry is warning that many remote work positions are being filled from outside the country. Since January 2020, remote tech jobs have increased by over 420%. Without the admittance of highly skilled immigrants, American tech companies could continue to outsource these jobs to countries like Canada, India and China. These American tech companies, who are having trouble sourcing affordable talent in the domestic market, are turning to foreign workers, which could theoretically threaten America's status as a leader in the global tech industry.

In the Know

A Famous Statistician and Nursing Pioneer Was Born 122 Years Ago Today

English nurse Florence Nightingale, who founded trained nursing as a profession for women, was born in Florence, Italy, on May 12, 1820. Today is also International Nurses Day, which is celebrated on her birthday. During the Crimean War, Florence spent much of her time in the injury wards, especially during the night rounds, which lent her the iconic name of "Lady with the Lamp." She was a trailblazer for nursing education for women, opening the Nightingale School of Nursing at St. Thomas' Hospital in London in 1860. Florence was later awarded the Order of Merit in 1907, becoming the first woman ever to receive the prestigious award.

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