

Obama's Green Delusions

The false promises of renewable energy.

By Alex Alexiev

June 3rd 2009

Standing in front of an array of photovoltaic solar panels at Nellis Air Force Base last Wednesday, President Obama gave us to understand that his vision for an America powered by clean, renewable energy and awash in green jobs is becoming a reality faster than anyone could have imagined. Nellis, near Las Vegas, is the home of the largest solar-energy plant in the Western Hemisphere and, in the president's words, a "shining example" of what renewable energy can do to put our economy on a "firmer foundation for economic growth." It is a success story that needs to be replicated "in cities and states across America," Obama said, and he announced a "solar energy technology program" to do just that.

The figures do indeed look impressive at first sight. The \$100-million plant was built without a penny of government money, we are told, yet it provides the base with electric power costing 2.2 cents per kilowatt/hour, which is less than one-fourth of the 9 cents that Nevada Power charges its other customers. The annual savings will amount to \$1 million, guaranteed for 20 years. Proof positive, it seems, that our green future is now. Or is it?

Beyond these numbers, uncritically reported by the mainstream media, is the reality of a make-believe industry touted by environmental zealots, corporate freeloaders parading as entrepreneurs, and a president capable of staggering disingenuousness. If the Nellis solar project is a "shining example," it is a shining example of everything that's wrong with Obama's green delusions. The project makes no economic sense on its own merits and, like all renewable-energy projects, was made possible only by a combination of government coercion and state and federal handouts at the expense of utility customers and the American taxpayer. The coercion in this case came in the form of a state mandate that Nevada utilities must obtain 20 percent of their power from hugely expensive renewable sources by 2015; the handouts came in the form of a 30 percent federal tax credit, accelerated depreciation rates, "solar energy credits," and similar goodies. It is such government largesse — and the promise of more to come — that convinces the renewable-energy industry's corporate welfare queens to line up behind dubious projects like Nellis.

In his speech at Nellis, President Obama asserted that he wants "everybody to know what we're doing here in Vegas," and he pointed to Germany as an example to follow in the solar business. He should have followed his own advice and looked more closely at the German example. After Germany guaranteed solar producers a rate seven times as high as the market rate, the country's electric bill jumped by 38 percent in one year.

Obama also should have mentioned what happens to investors who fall for Washington's green hype. For the two private companies involved in the Nellis project, it has not been a success story. SunPower Corp., the builder of the solar plant, has lost 75 percent of its market value in just the past year and is facing an uncertain future (to put it mildly). MMA Renewable Ventures, a San Francisco-based firm, which financed the project, was recently sold to the Spanish

company Fotowatio for the fire-sale price of \$19.7 million, after losing more than half of its business between 2007 and 2008.

The Spanish purchase of the dying MMA made no business sense except in one critical area: It allowed Fotowatio to establish a beachhead in the United States, which, with \$20 billion of green-energy tax incentives in 2010 alone, increasingly looks like the world's last refuge for solar freeloaders. Most European countries have seen the damage that green energy can do to their economies and are rapidly (if quietly) scaling back their support. This is especially true in the countries that have been leaders on solar and wind power. Both Germany and Spain have dramatically slashed their subsidies for renewables, and Spain has reduced its commitment to green power from 2400 megawatts in 2008 to 500 megawatts or less in 2009.

There is yet another lesson from Spain that Obama prefers [not to discuss](#). The \$100-million Nellis project created 200 jobs at a cost of \$500,000 per job. The longer Spanish experience, according to a recent study from Juan Carlos University, shows a cost of \$774,000 for each government-subsidized green job created since 2000. More disturbingly, for each of these jobs, 2.2 jobs in other industries were destroyed because of higher energy prices, not counting manufacturers who vote with their feet. This is surely a success story that Americans can do without.