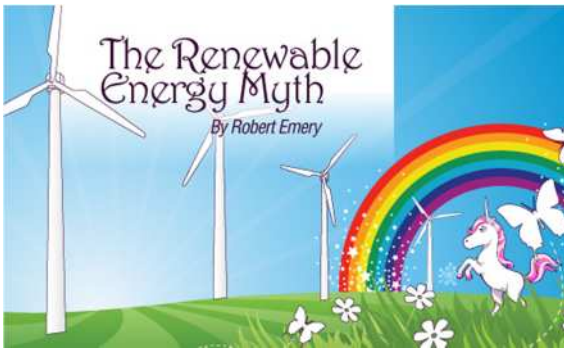


The Renewable Energy Myth

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Posted on Jun. 07, 2011



On a number of occasions, President Barack Obama has set a goal to reduce the United States' dependence on oil imports by a third by 2025 or about 4 million barrels a day. Unfortunately, his own energy policies undercut his goal. President Obama's belief that clean energy investments will offset our dependence on foreign oil in the short-term is misplaced, given that oil is used predominantly as a transportation fuel and produces less than 1 percent of U.S. electricity; solar and wind, the dominant renewable energy technologies in Obama's portfolio, produce electricity. The scenario would be feasible if many of the United States' 250 million automobiles were electric.

But Obama's fixation and even George W. Bush's before him have created a monster of government subsidies that are hard to live down in the current economic climate. According to the California Energy Commission, California has 26,264 MW of renewable energy installed capacity under development. During a normal economy California adds only 800 MW per year and currently has twice the reserve capacity needed. Because of this fact many of these planned projects are having difficulty obtaining financing. Lenders don't tend to be naive. Therefore these same projects usually engage the services of lobbyists and PR firms to convince the country of the greater public need for these projects and the desire for public funding in the form of grants and public financing. In addition to the grants and loans some have already received, the Federal Government provides a 30% tax credit. To boot, California also provides a 30% tax credit, exemption from property taxes, sales and use tax exclusions. However, all must remember that in a global economy, industries without export value only redistribute internal wealth.

The addition of all this unneeded electrical capacity will result in the eventual closure of conventional generation and the loss of those jobs which will offset renewable energy job creation. Research firm Navigant Consulting performed a study for RES Alliance for Jobs, a consortium of renewable energy companies and found the number of clean energy jobs in the US would more than double by 2025 if the nation adopts a 25% renewable energy standard. Nationwide 274,000 jobs would be created in the wind, solar, biomass and waste-to-energy that now support about 196,000 jobs. Once the renewable energy standard is met, there is no longer a need for construction and installation, only operations and maintenance. In Spain 90% of the solar PV companies went out of business and the unemployment rate climbed to 20%.

Wind and solar renewable energy is free but the cost to harness this energy has always been a stumbling block to its implementation and the main reason renewable energy plants do not dot the landscape today. The US Energy Information Administration (EIA) calculated these costs in dollars per megawatt/hour as follows: Conventional coal power: \$100.40; Natural gas: \$83.10; Nuclear: \$119.00; Onshore wind power: \$149.30; Offshore wind power: \$191.10; Thermal solar power: \$256.60, Photo-voltaic solar power: \$396.10.

Furthermore are some of these renewable energy projects actually green projects? According to the EIA, the availability, i.e. the ability to produce electricity on demand is 85% for coal, 87% for natural gas, 90% for nuclear, but only 34%-39% for wind and 21%-31% for solar. For CSP Solar to produce electricity the other 74% of the time requires costly thermal storage or an auxiliary fossil fuel boiler usually a natural gas boiler that operates at about half the efficiency of a modern combine cycle natural gas turbine.

The renewable energy proponents point to the subsidies enjoyed by the oil and fossil fuel industry. According to an EIA study based on 2008 data, the U.S. subsidizes solar power to the tune of \$24.34 per megawatt hour, \$23.37 per year for wind, but only 44 cents for coal, 25 cents for natural gas and \$1.59 for nuclear power. If renewable energy was as prevalent as fossil fuels, we couldn't afford the subsidies.

The subsidy spigot will be turned off someday as voters get wise to the high costs, economic inefficiencies and unintended environmental side-effects of renewables.