



## **Proceed carefully on solar energy policy**

EDITORIAL

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Five years ago, it seemed that green was the new gold.

Nothing ill could be said of solar power, wind turbines or renewable energy sources. These were the new technologies that were going to power America.

And then reality intruded. Taxpayers began to see green-energy companies stumble, lay off workers and go bankrupt. Congress began to ask pertinent questions. If the green industry is such a good investment, why do so many green companies keep coming at taxpayers for money? Shouldn't they find investment easily in private markets?

Those questions are part of the ongoing state and national conversations about solar power and other renewable energy sources. Many environmentalists and investors, including some in Volusia County, want state lawmakers to offer incentives to make solar power more of an option in Florida.

In 2009, then-Gov. Charlie Crist proposed that Florida receive 20 percent of its power from renewable sources by 2020. Similar mandates are in place in New York and California. Crist's proposal stalled in the Legislature.

The green-energy sector hasn't been helped by the recent problems with Solyndra, the California solar-panel manufacturer that went bankrupt and left taxpayers stuck with a \$535 million loan that the Obama administration guaranteed. It was an expensive and embarrassing failure, and more like it could be on the way.

Solar energy's problems raise a red policy flag in Florida. It's time for legislators and policymakers to slow down and carefully assess whether government incentives, loan guarantees and renewable energy mandates are sustainable -- or a potential drag on the taxpayers and ratepayers.

Solar panels seem like a great energy source for Florida. After all, Florida is the Sunshine State. Volusia County alone gets between 2,400 hours and 2,800 hours of sunshine per year. That makes the county a prime location for solar panels.

But the use of solar panels raises valid economic questions. Solar power is not cheap. Solar power plants will have average costs of \$211 per megawatt-hour, according to the U.S. Energy Information Administration. The most expensive gas generator will cost \$123 per megawatt-hour, the EIA says. The cheapest gas generator will cost \$62 per megawatt-hour. A nuclear power plant coming online in 2016 will have costs of \$114 per megawatt-hour.

Solar advocates correctly point out that costs are coming down. But solar still has a long way to go to close the cost gap with other energy sources.

Then there is the issue of reliability. Solar power is an intermittent source, and its capacity factor -- how much it does produce over time divided by how much it can produce over that same period -- is 18 percent. Nuclear power's capacity factor is over 90 percent, according to the EIA.

The third problem is that solar-power and wind-turbine farms can take up a lot of land. In California, solar farms will take up hundreds of thousands of acres but only supply a little more than 5 percent of California's residential electricity, or 2 percent of total usage, according to Patrick J. Michaels of the Cato Institute.

And finally, state Rep. Fred Costello, R-Ormond Beach, got it right when he said government subsidizing renewable energy industries takes away pressure to find innovation. The solar industry needs to find ways to make its products more affordable and also capable of producing more power.

That natural market pressure is something all private industries should have, with little or no tax subsidies.

Unlike Icarus, the mythical man from Crete who flew with wings attached with wax, the green energy sector won't crash into the sea. Its potential is growing and there is solid public support for developing greener power.

But like Icarus, who flew too near the sun, green energy advocates risk endangering their ventures with lofty rhetoric and soaring promises. Right now, green energy just doesn't produce enough electricity compared to coal, natural gas and nuclear sources -- sources that are vital to America's energy's needs.

Solar power and wind-turbine manufacturers have many private investors and will continue to have them. But to reach maximum potential, the green energy sector needs more private investment that encourages aggressive innovation and cost reduction -- not aggressive lobbying for more loan guarantees, mandates and taxpayer cash.