

# HOUSTON CHRONICLE



## Stakes high for clean tech on Tuesday

By David R. Baker - November 4, 2012

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For clean tech, the stakes in Tuesday's election could hardly be higher.

No other industry outside Detroit has been as closely aligned with President Obama's policies. Obama touted green jobs as the key to America's economic revival and showered \$90 billion in stimulus funding on makers of solar panels, wind turbines, biofuels and electric cars.

His Republican opponent, Mitt Romney, doesn't share that enthusiasm. Romney has used the high-profile bankruptcy of Solyndra, the California solar startup that collapsed after receiving \$528 million in federal loans, as a cudgel against Obama. The president, he argues, has wasted precious taxpayer money on risky technologies while doing too little to increase production of oil, natural gas and coal.

Romney also wants to end a tax credit that wind farm developers consider essential to financing their projects. The credit will expire at the end of this year unless extended by Congress, and developers are already putting their projects on hold in case it disappears. The companies that make wind power equipment have laid off at least 4,000 American workers as a result, according to the American Wind Energy Association. "They literally have scarcely any orders for next year," said Peter Kelley, the association's vice president of public affairs. "That means we could see not just layoffs but plant closures. Once you lose that manufacturing base, it's hard to get back." Fiscal conservatives have questioned the wisdom of subsidizing new technologies rather than letting the free market sort them out. And Solyndra became a potent campaign weapon, tapping voters' anger over a sluggish recovery.

Should Obama win re-election, no one expects another round of stimulus spending on clean tech. The U.S. Department of Energy program that funded Solyndra issued its final loans last year.

### ***Boom-bust cycle***

Now the fight has moved to the tax credits.

Wind farm developers rely on a production tax credit, which for 10 years gives them \$22 for every megawatt-hour of electricity their turbines generate.

The tax credit was first offered in 1992, but it isn't permanent. Congress has extended it seven times, each time giving it a two- or three-year expiration date.

Sometimes lawmakers legislators have let it expire, only to change their minds later. The result has been a boom-bust cycle in the wind energy business. The last time the credit was allowed to die, in 2003, wind turbine installation plunged 76 percent the following year.

"It's hard to sign up investors for your project if the rules haven't been set yet," Kelley said. His organization estimates that the American wind industry could lose 37,000 jobs if the credit isn't extended, more than half of the roughly 75,000 people employed by domestic wind developers and manufacturers.

### ***Solar tax credit***

The solar industry, meanwhile, depends on an investment tax credit. It gives developers of a solar power plant - or their financiers - a one-time credit equal to 30 percent of the project's value. At the end of 2016, the credit drops to 10 percent.

Fiscal conservatives view both tax credits as government interference in the marketplace. Worthwhile green technologies, they say, would still find private financing without federal help.

"If private investors say no to you, and green investors like the people at Google or Al Gore say no to you, and you only have Uncle Sam to turn to, what does that tell you about your project?" said Jerry Taylor, a senior fellow at the Cato Institute libertarian think tank.