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Alternative “Sustainable” Energy: Corruption and Unfulfilled Promises

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The black liquor fiasco provided an example to those of us in the pulp and paper industries of just how blatantly corrupt the current Congress is, with the support of the President. (If you are new to the Blog, see [Less Than Free Enterprise](#) for a fascinating story that was missed by the mainstream media.)

Jim McTague wrote an insightful story in Barron’s over the week-end that demonstrated the failure of solar energy to earn its own way. Even with hundreds of millions of dollars in grants and loan guarantees, some companies will still not be viable.

McTague also pointed out that the recipients of these huge solar energy grants were “connected” to (not the Mafia but to its more dangerous counterpart) Congress and the President. Passages from [Our Tough Luck President](#) follow.

In this story, only government subsidies are “sustainable”.

SOLYNDRA was the first recipient of a loan guarantee under the dual auspices of the Recovery Act and Title XVII of the Energy Policy Act of 2005. The Department of Energy noted the loan guarantee was the first it had issued since the 1980s. On Sept. 4, 2009, the day of the award, Vice President Joe Biden crowed that it was “part of the unprecedented investment this Administration is making in renewable energy, and exactly what the Recovery Act is all about.” DOE Secretary Steven Chu called it “part of a broad, aggressive effort to spark a new industrial revolution that will put Americans to work, end our dependence on foreign oil and cut carbon pollution.”

The President visited the plant earlier this year.

When he [President Obama] toured Solyndra’s Fremont, Calif., factory in May, he gushed that the company was “leading the way toward a brighter and more prosperous future.”

But things have not worked out.

Solyndra, recipient of a \$535 million Department of Energy loan guarantee, last month cancelled a \$300 million initial public offering because auditor PriceWaterhouseCooper said its operating losses and negative cash flow raise doubts about its ability to continue as a going concern. Ouch!

Taxpayers are on the hook for \$390.5 million—73% of the loans. Some observers questioned the wisdom of the government’s deal from the start, saying the company was an inefficient, high-cost producer.

One of Solyndra’s biggest stakeholders is Argonaut Ventures I. Its majority owner is Oklahoma oil billionaire George Kaiser, who was a “bundler” of campaign funds for the Obama-Biden campaign. This means he collected contributions and sent them en masse to the candidates. Kaiser e-mailed us an emphatic “NO” when we asked if he played any role in the pursuit of the loan guarantees.

But that is not all.

... this month, the DOE awarded loan guarantees to Abengoa Solar, part of [Abengoa](#), a Spanish outfit whose U.S. shares (ticker: ABGOY) trade in the pink sheets, and Abound, a Colorado-based photovoltaic-film maker.

Abengoa Solar got \$1.45 billion in guarantees to build plants in California and Arizona. Its profits depend heavily on subsidies from the government of economically troubled Spain.

Abound Solar received a \$400 million grant to ramp up production of cadmium telluride photovoltaic panels. Here’s a coincidence: Russ Kanjorski, nephew of Pennsylvania Democratic Rep. Paul Kanjorski, is a marketing executive at Abound, which got a \$3 million federal grant in 2008. He previously had been a principal of Cornerstone Technologies, which got \$9.2 million in earmarks from Kanjorski and then went bankrupt. A spokesman for Abound says Russ Kankorski had no role in the loan-guarantee negotiations.

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Your next Reel Time should be available Friday September 3 or Monday September 6.

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An important scientific innovation rarely makes its way by gradually winning over and converting its opponents.... What does happen is that its opponents gradually die out and that the growing generation is familiar with the idea from the beginning.

Max Planck, the father of quantum mechanics and a Nobel Prize winner.

• **Just For Fun Quotes**

Progress might have been all right once, but it has gone on too long.

The quote is originally attributed to Ogden Nash, but the economic philosophy has been adopted by dedevelopers - such the unbomber, President Obama, and his new science chief, John Holdren.

Hollywood is a place where they place you under contract instead of under observation.

Walter Winchell

Fidel Castro has strong ideas of liberty, democracy, social justice, the need to restore Cuba's Constitution...this amounts to a new deal for Cuba, radical, democratic and therefore anti-Communist.

Herbert Matthews, **New York Times Feb. 1957.**

• **Strange-But-True**

New-home inventories in May shot up by 2.7 months of supply — the largest jump in new-home inventories on record — as new home sales plummeted by 32.7%.

However, the absolute level of new home inventory is at its lowest since the early 1970s.

From Kevin Mason, Equity Research Associates. July 21, 2010.

The problem now is soft demand, not excess supply.

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