



The Solar Elephant

“The elephant in the room” is an idiom describing an obvious problem or truth that no one wants to discuss. That’s the situation in discussions of solar power. Energy discussions and articles on solar power rave about how much it has increased, which state is doing this or that and what the future holds for solar expansion. “Success” stories abound in the energy press and the general media. To the uninitiated all of this enthusiasm could give the impression that solar power is a great development and boon to mankind.

The solar power phenomenon for on-grid electricity is wholly a result of tax credit subsidies that no one wants to talk about. If you are out in the boonies then solar power beats having no power at all. But the production of solar power to feed into the grid and compete with traditional sources of power is a phony, government-created industry with no free market support. If there were no subsidies, one would be a fool to invest his own money in the technology – and fools usually do not have a lot of money to invest,

Warren Buffet says solar does not make sense without the tax breaks. Tom Fanning, CEO of Southern Company, says essentially the same thing. The big winners in the solar business owe their success to political connections and gaming the myriad of complicated governmental programs. The real underlying economics do not support the huge investment being squandered on solar equipment production and installation. As such it is - to use a popular word - unsustainable. It is a pretty safe bet to predict it will all come crashing down like previous governmental energy industries. There was the multi-billion dollar waste of synfuels making a \$30 per MMBTU natural gas substitute. There were the “PURPA machines” where pretended and uneconomical co-generation plants were built.

Solar power joins the list of expensive government-sponsored energy failures. Yet the rhetoric is that renewables will be the base of a whole new energy economy. A new energy paradigm characterized by political connections, fly-by-night bankruptcies, and huge waste on projects that fail to perform as promised as well as favorable crony-driven local and state policies that are spreading following federal examples is fundamentally unsound and an enormous misdirection of resources.

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