http://www.nationalreview.com/articles/279802/america-s-worst-wind-energy-project-robert-bryce

ROBERT BRYCE
OCTOBER 12, 2011 4:00 A.M.

America's Worst Wind-Energy Project

Wind-energy proponents admit they need lots of spin to overwhelm the truly informed.
The more people know about the wind-energy business, the less they like it. And when it comes to lousy wind deals, General Electric's Shepherds Flat project in northern Oregon is a real stinker.

I'll come back to the GE project momentarily. Before getting to that, please ponder that first sentence. It sounds like a claim made by an anti-renewable-energy campaigner. It's not. Instead, that rather astounding admission was made by a communications strategist during a March 23 webinar sponsored by the American Council on Renewable Energy called "Speaking Out on Renewable Energy: Communications Strategies for the Renewable Energy Industry."

During the webinar, Justin Rolfe-Redding, a doctoral student from the Center for Climate Change Communication at George Mason University, discussed ways for wind-energy proponents to get their message out to the public. Rolfe-Redding said that polling data showed that **"after reading arguments for and against wind, wind lost support."** He went on to say that concerns about wind energy's cost and its effect on property values "crowded out climate change" among those surveyed.

The most astounding thing to come out of Rolfe-Redding's mouth — and yes, I heard him say it myself — was this: **"The things people are educated about are a real deficit for us." After the briefings on the pros and cons of wind, said Rolfe-Redding, "enthusiasm decreased for wind. That's a troubling finding." The solution to these problems, said Rolfe-Redding, was to "weaken counterarguments" against wind as much as possible. He suggested using "inoculation theory" by telling people that "wind is a clean source, it provides jobs" and adding that "it's an investment in the future." He also said that proponents should weaken objections by "saying prices are coming down every day."**

It's remarkable to see how similar the arguments being put forward by wind-energy proponents are to those that the Obama administration is using to justify its support of Solyndra, the now-bankrupt solar company that got a $529 million loan guarantee from the federal government. But in some ways, the government support for the Shepherds Flat deal is worse than what happened with Solyndra.

The majority of the funding for the $1.9 billion, 845-megawatt Shepherds Flat wind project in Oregon is coming courtesy of federal taxpayers. And that largesse will provide a windfall for General Electric and its partners on the deal who include Google, Sumitomo, and Caithness Energy. Not only is the Energy Department giving GE and its partners a $1.06 billion loan guarantee, but as soon as GE's 338 turbines start turning at Shepherds Flat, the Treasury Department will send the project developers a cash grant of $490 million.

The deal was so lucrative for the project developers that last October, some of Obama's top advisers, including energy-policy czar Carol Browner and economic adviser Larry Summers, wrote a memo saying that the project's backers had "little skin in the game" while the government would be providing "a significant subsidy (65+ percent)." The memo goes on to say that, while the project backers would only provide equity equal to about 11 percent of the total cost of the wind project, they would receive an "estimated return on equity of 30 percent."

The memo continues, explaining that the carbon dioxide reductions associated with the project "would have to be valued at nearly $130 per ton for CO2 for the climate benefits to equal the subsidies." The memo continues, saying that that per-ton cost is "more than 6 times the primary estimate used by the government in evaluating rules."
The Obama administration's loan guarantee for the now-bankrupt Solyndra has garnered lots of attention, but the Shepherds Flat deal is an even better example of corporate welfare. Several questions are immediately obvious:

First: Why, as Browner and Summers asked, is the federal government providing loan guarantees and subsidies for an energy project that could easily be financed by GE, which has a market capitalization of about $170 billion?

Second: Why is the Obama administration providing subsidies to GE, which paid little or no federal income taxes last year even though it generatedsome $5.1 billion in profits from its U.S. operations?

Third: How is it that GE's CEO, Jeffrey Immelt, can be the head of the President's Council on Jobs and Competitiveness while his company is paying little or no federal income taxes? That question is particularly germane as the president never seems to tire of bashing the oil and gas industry for what he claims are the industry's excessive tax breaks.

Over the past year, according to Yahoo! Finance, the average electric utility's return on equity has been 7.1 percent. Thus, taxpayer money is helping GE and its partners earn more than four times the average return on equity in the electricity business.
A few months ago, I ran into Jim Rogers, the CEO of Duke Energy. I asked him why Duke — which has about 14,000 megawatts of coal-fired generation capacity — was

investing in wind energy projects. The answer, said Rogers forthrightly, was simple: The subsidies available for wind projects allow Duke to earn returns on equity of 17 to 22 percent.

In other words, for all of the bragging by the wind-industry proponents about the rapid growth in wind-generation capacity, the main reason that capacity is growing is that companies such as GE and Duke are able to goose their profits by putting up turbines so they can collect subsidies from taxpayers.

There are other reasons to dislike the Shepherds Flat project: It's being built in Oregon to supply electricity to customers in Southern California. That's nothing new. According to the Energy Information Administration, "California imports more electricity from other states than any other state." Heaven forbid that consumers in the Golden State would have to actually live near a power plant, refinery, or any other industrial facility. And by building the wind project in Oregon, electricity consumers in California are only adding to the electricity congestion problems that have been plaguing the region served by the Bonneville Power Authority. Earlier this year, the BPA was forced to curtail electricity generated by wind projects in the area because a near-record spring runoff had dramatically increased the amount of power generated by the BPA's dams. In other words, Shepherds Flat is adding yet more wind turbines to a region that has been overwhelmed this year by excess electrical generation capacity from renewables. And that region will now have to spending huge sums of money building new transmission capacity to export its excess electricity.

Finally, there's the question of the jobs being created by the new wind project. In 2009, when GE and Caithness announced the Shepherds Flat deal, CNN Money reported that the project would create 35 permanent jobs. And in an April 2011 press release issued by GE on the Shepherds Flat project, one of GE's partners in the deal said they were pleased to be bringing "green energy jobs to our economy."

How much will those "green energy" jobs cost? Well, if we ignore the value of the federal loan guarantee and only focus on the $490 million cash grant that will be given to GE and its partners when Shepherds Flat gets finished, **the cost of those "green energy" jobs will be about $16.3 million each.**

As Rolfe-Redding said, the more people know about the wind business, the less they like it.

— Robert Bryce is a senior fellow at the Manhattan Institute. His latest book, Power Hungry: The Myths of "Green" Energy and the Real Fuels of the Future*, was recently issued in paperback.*