

Tough Love for Renewable Energy

Making Wind and Solar Power Affordable

By Jeffrey Ball May/June 2012



Windmills turn in the breeze at Horns Rev 2, the world's largest wind farm, 19 miles off the west coast of Denmark near Esbjerg, September 15, 2009.

Bob Strong / Reuters

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intoxicating and revolutionary: a way to boost jobs, temper fossil-fuel prices, and curb global warming, while minting new fortunes in the process.

Much of that enthusiasm has now fizzled. Natural gas prices have plummeted in the United States, the result of technology that has unlocked vast supplies of a fuel that is cleaner than coal. The global recession has nudged global warming far down the political agenda and led cash-strapped countries to yank back renewable-energy subsidies. And some big government bets on renewable power have gone bad, most spectacularly the bet on Solyndra, the California solar-panel maker that received a \$535 million loan guarantee from the U.S. Department of Energy before going bankrupt last fall.

Critics of taxpayer-sponsored investment in renewable energy point to Solyndra as an example of how misguided the push for solar and wind power has become. Indeed, the drive has been sloppy, failing to derive the most bang for the buck. In the United States, the government has schizophrenically ramped up and down support for renewable power, confusing investors and inhibiting the technologies' development; it has also structured its subsidies in inefficient ways. In Europe, where support for renewable power has been more sustained, governments have often been too generous, doling out subsidies so juicy they have proved unaffordable. And in China, the new epicenter of the global renewable-power push, a national drive to build up indigenous wind and solar companies has spurred U.S. allegations of trade violations and has done little to curb China's reliance on fossil fuels.

But these challenges don't justify ending the pursuit of renewable power; they justify

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