

(BN) Republicans Critical of Solyndra Sought U.S. Coal-Projects Aid

+-----+

Republicans Critical of Solyndra Sought U.S. Coal-Projects Aid
2011-10-28 16:12:20.34 GMT

By Jim Snyder

Oct. 28 (Bloomberg) -- Republicans who criticized the Obama administration for providing U.S. backing to the failed Solyndra LLC sought such federal loan guarantees for cleaner-coal projects they favored.

Senator John Barrasso of Wyoming asked Energy Secretary Steven Chu in a Feb. 8 letter to move the “review process forward” for a project in his state to convert coal to liquid fuel. Representative Ed Whitfield of Kentucky sought support for a company that says it developed a way to make coal burn cleaner, and Representative John Shimkus of Illinois wrote the department seeking aid for an effort to capture and bury carbon dioxide.

Republicans including Barrasso have said the failure of Solyndra, which filed for bankruptcy after receiving \$535 million in federal loan guarantees, shows President Barack Obama was wrong to pick “winners and losers” among wind- and solar-power companies.

The letters promoting coal projects show Republicans don’t mind the government picking winners if it’s for projects they want, said Jack Spencer, an energy analyst at the Washington-based Heritage Foundation.

“To the extent that you have the government involved in commercial activities, you will have members of Congress seeking benefits for their constituents,” Spencer said in an interview. The Washington group, which describes itself as conservative, opposes all of the Energy Department’s loan guarantees.

Boehner’s Demand

Republican House Speaker John Boehner of Ohio has demanded

that the Obama administration provide \$2 billion in guarantees for a project in his state to enrich uranium for nuclear-power plants. Republican Representative Fred Upton, chairman of a House committee investigating Solyndra, joined other members from Michigan in a Dec. 17, 2009, letter urging the Energy Department to finance four clean-energy projects in the state. The applications were under the same program that financed Solyndra and expired last month.

The Energy Department hasn't made any commitments to projects under the separate program offering \$8 billion in loan guarantees for advanced fossil-fuel technology such as cleaner coal. The department has received eight applications so far, spokesman Damien LaVera said in an e-mail.

The technology backed by Shimkus, known as carbon sequestration, sends emissions from coal plants through pipelines for underground storage in geologic formations. A task force established by Obama said in an August 2010 report that the high cost of such carbon capture remained a barrier to its widespread deployment.

The lack of climate-change legislation to cap carbon-dioxide emissions means "there is no stable framework for investment," the report found.

'Won't Fly'

"Without the threat of carbon prices or caps, it won't fly economically," Tim VandenBerg, senior vice president at Washington Analysis LLC, a political and economic advisory firm, said in an e-mail yesterday.

American Electric Power Co. of Columbus, Ohio, abandoned a carbon-capture project in July, citing the uncertain status of U.S. climate policy. Efforts by Obama to win legislation creating a cap-and-trade system of carbon pollution allowances failed in the Senate in 2010, after passing the House.

The three Republicans who sent letters seeking support for coal projects in their states opposed Obama's efforts to cap carbon.

Shimkus was among 11 Republican and Democratic lawmakers from Illinois who urged Chu in a May 1, 2009, letter to give "full consideration" to a loan guarantee application for the

Taylorville Energy Center in their state, a \$3.5 billion carbon-capture project backed by Tenaska Inc. of Omaha, Nebraska.

Hundreds of Jobs

“The potential for a new clean-energy economy” will create “hundreds of permanent jobs in an economically challenged region of Illinois,” the group wrote.

Tenaska is seeking a \$2.6 billion loan guarantee, Bart Ford, the company’s vice president for development, said in an Oct. 26 e-mail.

The Taylorville project is being developed by companies with “track records in the energy sector,” Shimkus spokesman Steve Tomaszewski said in an e-mailed statement. Shimkus “opposes the federal government gambling with taxpayer dollars on companies without solid business plans,” Tomaszewski said.

Barrasso’s February letter sought aid for the Medicine Bow Fuel & Power Project, developed by DKRW Energy LLC of Houston to turn coal into liquid fuels. The project, which would be the first such commercial-scale plant in the U.S., would create 2,400 construction jobs and 450 permanent positions in Wyoming, reduce dependence on foreign oil, and sequester carbon dioxide from coal emissions underground, according to the letter.

Not President’s Money

On Oct. 13, Barrasso said in a speech on the Senate floor that Solyndra’s collapse shows the administration shouldn’t “be betting with the taxpayer’s money. It is not the president’s money.”

Emily Lawrimore, a Barrasso spokeswoman, said in an e-mailed statement yesterday that the senator supports projects that are “financially sound, transparent and based on sound science. Solyndra did not meet any of these standards and that’s why it was a risky bet.”

Whitfield wrote Samuel Bodman, the energy secretary under President George W. Bush, on Aug. 6, 2007, in support of a loan application from Coaltek Inc. of Tucker, Georgia. The company operated a Calvert City, Kentucky, plant that removed pollutants from coal, and needed federal support to expand, according to

the letter.

Whitfield recommended this year that all energy-specific subsidies be scrapped by the congressional supercommittee charged with cutting the U.S. budget deficit.

Evolution in Thinking

“This is not a contradiction but rather an evolution in Representative Whitfield’s thinking as he has become more involved in energy issues,” Robert Sumner, a spokesman for the lawmaker, said in an e-mailed statement yesterday.

Democrats have also sought loan guarantees and grants for carbon sequestration. Washington Senators Maria Cantwell and Patty Murray and Representatives Jay Inslee and Norm Dicks wrote Chu an Oct. 30, 2009, letter supporting a project developed by Summit Texas Clean Energy LLC, which is backed by Summit Power Group LLC of Bainbridge Island, Washington.

The project aims to capture 90 percent of the carbon emissions from a 400-megawatt plant to be built near Odessa, Texas, and pump the gas to the Permian Basin in West Texas to help push drillers recover oil in the area.

Decade Away

While solar-power projects may yield results in one or two years, carbon-capture ventures are a decade or more from bearing fruit, Kevin Book, managing director at ClearView Energy Partners LLC in Washington, said in an interview yesterday.

Ultimately, successful carbon-capture technology would have a greater impact because coal accounts for about 45 percent of electricity produced in the U.S., compared with less than 1 percent from solar power, Book said.

“We think the coal industry ought to be offered the same incentives that other industries are offered,” Lisa Camooso Miller, vice president for media relations at the American Coalition for Clean Coal Electricity, an industry group in Washington, said in a statement.

For Related News and Information:

Solar industry bankruptcy news: [TNI SOLAR BCY <GO>](#)

For news on Solyndra: SOLY US <EQUITY> CN <GO>
Bloomberg Industries -- solar industry: BI SOLR <GO>
Today's top environmental news: TOP ENV <GO>

--Editors: Larry Liebert, Joe Winski

To contact the reporter on this story:
Jim Snyder in Washington at +1-202-624-1972 or
jsnyder24@bloomberg.net

To contact the editor responsible for this story:
Larry Liebert at +1-202-624-1936 or
lliebert@bloomberg.net