

House Votes To End Energy Loan Guarantee Program

Jim Abrams, Associated Press

WASHINGTON (AP) — Republicans on Friday pushed a bill through the House shining a campaign-season light on the most conspicuous failure of President Barack Obama's economic stimulus package. The bill would phase out federal loan guarantees like those that went to the now-bankrupt solar power company Solyndra LLC and left taxpayers on the hook for more than \$500 million.

The "No More Solyndras Act," which passed on a mainly party-line vote, has no chance of advancing in the Democratic-led Senate and was assailed by House Democrats as an election-year stunt. The vote was 245-161.

The bill would curtail an Energy Department loan guarantee program that was the source of the more than \$500 million investment in Solyndra. It was part of the \$787 billion stimulus package enacted shortly after Obama took office in 2009.

The Fremont, Calif.-based company was the first renewable energy company to receive a federal loan guarantee under the stimulus, and its financial woes in the face of Chinese competition made it a target for Republican scrutiny. The company filed for bankruptcy protection in September 2011, and under its reorganization plan, taxpayers would lose almost all of their investment.

The bill would require the Treasury to review any future Energy loan guarantees made before the program expires and reaffirm that it is forbidden to "subordinate" loans so that private investors are repaid before the government is.

"I'm stunned by the cavalier manner in which the administration squandered all of these tax dollars yet says it has no regrets, no apologies, about its handling of the program," said Rep. Fred Upton, R-Mich., chairman of the House Energy and Commerce Committee. "Burning money is one source of energy that the country doesn't need."

The measure was approved by Upton's committee in early August, along with the results of an 18-month investigation by committee Republicans concluding the administration was determined to make Solyndra a stimulus success story despite evidence that it was headed for failure. The report said the Energy Department knowingly violated the law when it restructured the loan last year so as to subordinate taxpayer interests to those of private investors.

One of the private equity funds that takes repayment priority is an investment vehicle for a foundation headed by billionaire George Kaiser, a major Obama campaign contributor.

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Democrats dismissed the report as partisan and one-sided and said Republicans failed to prove their argument that the loan was made for political reasons. The White House said the president strongly believed it was the right decision to invest in clean energy technologies.

"It's clear that this legislation is a political exercise," said Rep. Diana DeGette, D-Colo. "It does nothing but attempt to keep the word 'Solyndra' in the news."

Republicans pointed out that three of the first five companies that received loan guarantees under the stimulus, among them Solyndra, have gone bankrupt. Democrats said Republicans were ignoring the Energy Department successes, including saving nearly 300 million gallons of gasoline a year by supporting such projects as one of the world's largest wind farms in Oregon, a large solar generation project in California and a major photovoltaic solar power plant in Arizona.

The loan guarantee program falls under the Energy Policy Act of 2005 that was passed partly with the intention of promoting a revival of nuclear energy. The George W. Bush administration did not approve any loan guarantees and under Obama it shifted toward boosting development of innovative clean energy technology.

The legislation bars the Energy Department from issuing loan guarantees for any application received after Jan. 1 this year, leaving \$34 billion in authorized money to provide financial backing to applications made before that date.

Democrats said that means the department could provide loan guarantees to older energy industries favored by Republicans, specifically nuclear and coal, while shutting out future applicants with breakthrough clean energy technology.

An amendment by the top Democrat on the committee, Rep. Henry Waxman of California, to make that remaining \$34 billion available to any applicant was defeated 231-170.

Rep. Markey, D-Mass., a senior member of the committee, said the nuclear industry had pending applications worth more than \$76 billion, and the coal industry almost \$12 billion.

Upton responded that there is a \$22 billion cap on loan guarantees for nuclear projects and that there were only six nuclear-rated applicants out of the some 50, including solar, biomass and wind, still eligible under the legislation.

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