

## Green Energy Depends On Subsidies For Fuel

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Vermont's Clean Energy Development Fund Board recently considered how to hand out \$7.5 million worth of solar tax credits to developers proposing solar energy projects. When it became apparent many of the projects would not be given tax credits that they were counting on to make their projects feasible, some developers were mighty unhappy.

Chief among the unhappy participants was David Blittersdorf, founder of NRG Systems and the owner of All Earth Renewables. Blittersdorf previously served as a board member of the Clean Energy Development Fund. He resigned in July after sponsoring more than half of all the tax credit requests submitted to the board. As soon as Blittersdorf realized his ship might not come in, he promptly announced he would be thinking hard about taking all his business out of state. Later in the meeting, Blittersdorf was quoted as saying, " If New York state offered me \$5 million in tax credits to move to the other side of the lake, I would have to give it some serious thought." Such loyalty.

Blittersdorf submitted 130 out of the 208 proposals presented to the board. He'd receive \$8.6 million in tax credits if all his requests were approved. Because the total awarded was only \$7.5 million for all project submissions, Blittersdorf must have been sad indeed.

It's not just a 30 percent tax credit that makes solar projects irresistible; there is the guaranteed, non-negotiable, fixed-price power contract. The solar power developers can sign 20-year contracts at four or five times market rates. Vermont utilities would be required to purchase the renewable power contracts at the set price. It's not often a business can get huge tax breaks and a guaranteed return on investment, a guaranteed customer and a guaranteed long-term contract, all courtesy of the Vermont Legislature. Vermont ratepayers, on the other hand, are only guaranteed higher electric bills once the ink dries on all of these green-energy contracts.

One small detail is that Entergy, which owns Vermont Yankee nuclear power plant in Vernon, has an agreement with the state to fund the Clean Energy Development Fund at about \$7 million a year in return for the Legislature's approval of Entergy's purchase of the plant. When the Legislature finally closes Vermont Yankee, possibly in 2012, the money will be gone. Not to worry: Vermont taxpayers or ratepayers can pick up the slack.

Rather than inspire a new industry willing to take a risk and invest private capital in hopes of a return, the green-energy incentives simply perpetuate a dependence upon government largess. In an effort to put a thumb on the scales and pick their own winners and losers, the Legislature's proposals more closely resemble some fly-by-night, get-rich scheme than a thoughtful economic development plan.