More Corruption In The Department Of Energy

The Solyndra Scandal

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Note: 4 mins and 30 seconds into the video above you discover that a report actually shows that this project would run out of money this September of 2011, i.e. it was written on paper that this project wasn't feasible.

Energy-related loan guarantees arose from the stimulus legislation of 2009. Policy makers thought a huge infusion of low-cost loans would create many thousands of jobs at solar- panel factories, alternative-energy power plants and the like. There was an implicit assumption that most of these ventures would succeed. Barring fraud, Solyndra's failure reflects the company's bet on an inadequate technology. Its tubes, coated with an unusual four-metal compound, were supposed to cut power costs more than 20 percent. That wasn't nearly enough. Production costs fell much faster for a rival technology, conventional flat silicon panels, and Solyndra couldn't compete.

The Energy Department's loan guarantee program is the real Solyndra scandal

You can call it crony capitalism or venture socialism — but by whatever name, ***the Energy Department's loan guarantee program privatizes profits and socializes losses.*** *It's an especially risky approach in the alternative-energy space, where solar energy is many years from being cost-competitive with fossil fuels for most uses — and history is littered with failed government attempts to back the next big thing.*

Exclusive Timeline: Bush Administration Advanced Solyndra Loan Guarantee for Two Years, Media Blow the Story

It's often claimed that the Solyndra loan guarantee was "rushed through" by the Obama Administration for political reasons. In fact, the Solyndra loan guarantee was a multi-year process that the Bush Administration launched in 2007.

You'd never know from the media coverage that:
The Bush team tried to conditionally approve the Solyndra loan just before President Obama took office.
The company's backers included private investors who had diverse political interests.
The loan comprises just 1.3% of DOE's overall loan portfolio. To date, Solyndra is the only loan that's known to be troubled.
Because one of the Solyndra investors, Argonaut Venture Capital, is funded by George Kaiser — a man who donated money to the Obama campaign — the loan guarantee has been attacked as being political in nature. What critics don't mention is that one of the earliest and largest investors, Madrone Capital Partners, is funded by the family that

started Wal-Mart, the Waltons. The Waltons have donated millions of dollars to Republican candidates over the years.

More incredible signs of corruption...

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But the above is just the tip of the iceberg...

Oil Industry and Government connections

(Image is edited from here - Found this image through Bill Moyers.com)

Solyndra Scandal: 5 More U.S. Energy Scandals

2005: Halliburton and Iraq: *The Texas oil giant reportedly overcharged $108 million for work in Iraq, but reports didn't leak until after the 2004 election. Former Vice President Dick Cheney, who was once chief executive, came under fire for his connection to the company. Nonetheless, Halliburton continued to be awarded government contracts, such as in 2006 when subsidiary Kellogg Brown & Root received a $385 job to build immigration detention centers in the U.S. for the Department of Homeland Security.*

From the huff-ington post:
Over the last eight years, President Bush, Vice President Cheney and their Republican allies in Congress ***have fallen over themselves to give oil companies huge tax breaks****. They have repeatedly blocked meaningful progress toward energy independence and they have shown no interest in taking on the unchecked speculation that has created extreme volatility in energy markets and pushed oil and gas prices upward. Yesterday, addressing the U.S. Chamber of Commerce,* ***Vice President Cheney*** *said, "We have to recognize that there isn't anything out there that is going to get us away from a hydrocarbon economy anytime in the near future. There really isn't anything on the horizon that today is economic, relative, for example, to basic, good old oil and gas." Not surprising coming from an oil man, and* ***the man*** *who sat down with oil company lobbyists behind closed doors to write the current failed policy. But those remarks show the bankruptcy of the Republican vision on energy. It's a vision of the status quo, invested in the problem, not in finding a solution. And it just doesn't cut it.*

Note: A closed door meeting on a 'failed' policy that put Halliburton at number one and helped Exxon have the largest profits EVER. I wonder how many other failed policies have helped the oil companies?

The following is from an old book called Unequal Democracy

"The recession of 1974-1975 was triggered by a massive oil price shock engineered by the Organization of Petroleum Exporting Countries (OPEC). The real price of oil increased by 140% in 1974, throwing the industrial sector of the United States and other advanced economies into a tailspin. Accidental president Gerald Ford entered the White House in the midst of a major economic crisis not of his own making.

From the Guardian:

Scientists and economists have been offered $10,000 each by a lobby group funded by one of the world's largest oil companies to undermine a major climate change report due to be published today.Letters sent by the American Enterprise Institute (AEI), an ***ExxonMobil-funded thinktank with close links to the Bush administration, offered the payments*** *for articles that emphasise the shortcomings of a report from the UN's Intergovernmental Panel on Climate Change (IPCC).*

When Lou Dobbs lied, Bill Schneider played along.

Dobbs: "We have to consider what else happened in the markets and that is precisely as most of the experts had suggested, once the executive ban on oil drilling offshore had been lifted, we have seen a huge decline of approximately 13 percent decline in the price of crude oil and gasoline prices actually begin to roll back over the course of 11 days, which is remarkable, isn't it?"

Schneider: "It is certainly remarkable. And the vast majority of Americans do support offshore oil drilling. They support anything, anything that will give them relief from high gas prices." Lou Dobbs Tonight*, July 29, 2008 No experts said any such thing. For obvious reasons. "[Bush's] move to end the moratorium, in place since 1992, won't have any effect until a separate congressional prohibition expires or is overturned," said The Wall Street Journal on July 15. Instead, analysts "point to two distinct trends that may take the wind out of this year's price spike: an easing of tensions over Iran and evidence that demand for oil in the U.S. is falling faster than many believed."(The Wall Street Journal, July 18, 2008)*

From CBS:

Senator Pete Domenici, R-N.M, has relayed the mixed message of "we feel your pain" (at the pump), while attempting to justify his party's blockage of a windfall profit tax on Big Oil by saying that increased taxes on oil companies would be something Americans wouldn't want. [**Note:** Which Americans?]

"Americans are furious about what's going on," declared Sen. Byron Dorgan, D-N.D., and want Congress to do something about oil company profits and "an orgy of speculation" on oil markets.

"If you don't tell the big oil companies they can no longer run energy policy in America, we will not succeed, plain and simple," *Sen. Charles Schumer, D-N.Y., told CBS Radio News.*

With all the evidence of corruption above, the following connections between General Electric and it's (initial) lack of taxes makes complete sense, as it's part of the government so obviously it will create policy that will benefit them...

With so many corporations so firmly embedded in the government, it's funny the kind of rhetoric you hear. Jon Stewart explains...

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Conclusion:

Crony Capitalism has existed for a long time. So energy companies have been able to get government officials to pass legislation that helps them make more money. So they get tax breaks, loopholes, subsidies while the rest of the economy suffers and they make huge profits (and in some cases, record breaking profits).

Clearly the Department of Energy has failed at it's job.

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The Little Black Book of B

Time To End The Department Of Energy's Lo Program

Ellen R. Wald, CONTRIBUTOR

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when held up against the money lost in bankruptcies and defaults plus considering that the government has been running this program for over a decade, the balance does not look so good

The concept behind this program has harsh critics, from a purely moral and civic standpoint

Energy Secretary-designate, former Texas Gov. Rick Perry, is sworn-in on

Former Texas governor and presidential candidate Rick Perry will soon be confirmed as the next Secretary of Energy. He is already facing pressure from the Trump administration to eliminate, or at least significantly curtail, a controversial Department of Energy program that provides loans and loan guarantees to certain types of renewable and clean energy technology companies.

The program was inaugurated during the George W. Bush administration as part of the 2005 Energy Policy Act and since then has made loans or loan guarantees (sometimes more than one) to 30 different companies. The loan guarantee program is designed to provide money to energy businesses that are too risky to receive loans from banks. The idea was to form a portfolio of investments in which some might fail, but that as a whole would generate income for the program.

In other words, the aim was to achieve a net financial gain for the government. This puts the government in the worst possible position as a financier. It makes risky bets on companies like a venture capital investment firm, but it can only receive remuneration, in the form of interest, like a bank. Even worse, in many cases, the government only provides loan guarantees, risking loss but rarely benefitting financially from the gain.

In November 2016, the program claimed that its portfolio of direct loans and loan guarantees had generated a total of $1.65 billion in interest payments. However, when held up against the money lost in bankruptcies and defaults plus considering that the government has been running this program for over a decade, the balance does not look so good . It is clearly not the best way to spend taxpayer money if the government is also trying make money.

Many who support the program (particularly its former portfolio administrators), point to the success stories that have come from the loans. However, upon closer inspection, many of these program recipients touted by the agency are not, in fact, commercially successful.

The cooling towers, right, and

For example, a former program director under the Obama administration, pointed to the Vogtle power plant as an example of a successful program. In 2014, the Department Energy guaranteed loans to Georgia Power to build two new nuclear reactors at the Vogtle nuclear power plant. These would be among the first new nuclear reactors in the United States in 30 years. The Department of Energy has guaranteed a total of $8.3 billion in loans to various contractors in this project, which is now more than three years behind schedule and more than $3 billion over budget. The project is further complicated by problems with the plant's original nuclear reactor that was recently forced to shut down entirely.

The program's former portfolio manager also cited the Ivanpah solar thermal plant in Southern California as a successful project that received a $1.6 billion loan guarantee (and another $600 in federal tax credits). Ivanpah, unlike the Vogtle nuclear plant, is up and running. However, it is not generating nearly as much clean energy as was called for. In 2015, the plant's second year of operation, its carbon emissions jumped by nearly 50%. This was due, in large part, to increased use of natural gas needed to start the thermal system when the sun is rising and during times of cloud cover. NRG Energy NRG +1.56% Inc., the plant's operator and co-owner, claims that the solar-thermal plant is only using more natural gas because it is finally increasing the amount of solar energy it is generating – something even environmentalists take issue with, given that the plant's perpetual need for natural gas was not something made clear to Californians when the plant was approved in 2010. Even though the plant uses more natural gas and pollutes more than California law permits, because it burns most of its natural gas at night, the plant still qualifies as a source of alternative energy for California consumers, though regulators say they are currently reviewing the plant.

These so-called successes, however, do not make up for the failures and mismanagement of taxpayer money. Several of the companies awarded loans and loan guarantees – Solyndra and Abound Solar (solar panel manufacturers) and Fisker (electric car manufacturer), for example – collapsed in spectacular bankruptcies during Obama's tenure, leaving the government on the hook for over $1.4 billion. This nearly cancels the full $1.65 billion touted as interest income for the government in the first eleven years.

The concept behind this program has harsh critics, from a purely moral and civic standpoint . When individual investors join venture capital funds to invest in new companies they assume a certain amount of risk and have to be qualified investors. In other words, they have to have the money to lose. The average American taxpayer is not a qualified investor and did not sign up to allow a group of unknown individuals to invest his or her money in risky energy technology businesses.

A Solyndra Inc. solar panel manufacturing facility stands in

Evidence indicates that the programs decision makers may have been less equipped than their private sector peers to judge technologies and companies. When the Department of Energy "invested" in Solyndra the company appeared to have a competitive advantage. Solyndra, unlike its competitors, did not use silicon in its solar panels, and silicon was prices very high at the time. However, when the price of silicon collapsed, so did the company. Though this would appear to be bad luck or poor timing, most market watchers forecast the drop in silicon prices. According to the CEO of Cascadia Capital, "This was not a hard call." According to a New York Times investigation, the Department of Energy was so eager to make these loans that it missed or overlooked evidence that the company was already in financial distress.

The Solyndra debacle also exposed the extreme potential for corruption in the loan program. Solyndra officials lobbied the White House and Obama advisors extensively and later investigations revealed that the Department of Energy did not conduct due diligence. During Congressional hearings into the Solyndra bankruptcy, executives even took the fifth. The potential for corruption when the government is picking and choosing winners and losers with taxpayer money is so high that the program should be wound down and eliminated on those grounds alone.

One could argue that the program has intrinsic value regardless of whether it is financially soluble or whether its projects generate the clean energy they promised, because new energy technologies need to be cultivated. However, each and every one of the companies that received a loan or a loan guarantee has multiple competitors who did not receive government money and government support. In choosing Nissan, Ford, Fisker and Tesla to received loans to manufacture electric cars the government gave them an unfair advantage over Toyota, GM and all of the tinkerers and innovators out there with great ideas who lack the connections and the clout to get in front of the right people.

The new administration cannot simply shut down the loan program because it was created by an act of Congress. However, it can effectively end it by halting new loans and new loan guarantees.

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