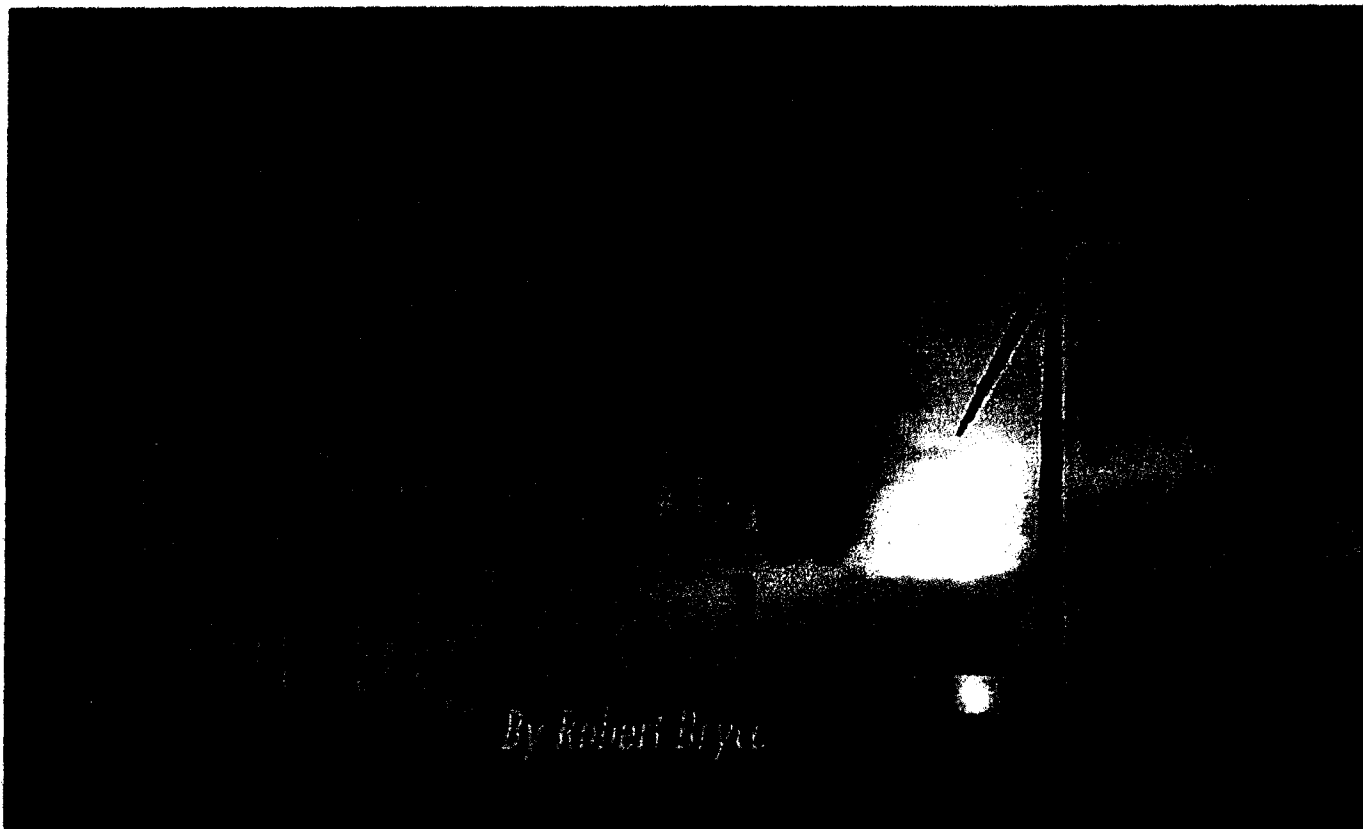


The Party's Over for Big Wind

By Robert Bryce

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Thirteen months ago, Denise Bode, the head lobbyist for the American Wind Energy Association, declared that the "U.S. wind industry is in distress."

If last year was bad for the U.S. wind industry, then 2011 is looking to be positively disastrous. A combination of cheap natural gas, growing resistance to wind turbine installations, and the inability of cash-strapped governments to continue hefty subsidies, is taking the wind out of wind.

For AWEA's minions and hirelings, these facts are truly dangerous. And because of that, they continue to use character assassination on anyone who questions the future of their highly subsidized industry.

But AWEA's own data shows that the wind industry is becalmed. During the first half of this year, the U.S. installed just 2,151 megawatts of new capacity. That means that 2011 may be even worse for the domestic wind industry than 2010, when U.S. wind generation capacity grew by 5,100 megawatts. And that 2010 total was about half of the 10,010 megawatts added in 2009. Indeed, this year domestic wind additions may be smaller than at anytime since at least 2006.

Let's start with the most important issue: low-cost natural gas. About three years ago, one of the wind industry's biggest boosters, T. Boone Pickens, was claiming that natural gas prices had to be at least \$9 for wind energy to be competitive. In March 2010, Pickens was still hawking wind energy, but he'd lowered his price threshold saying, "The place where it works best is with natural gas at \$7." By January of this year, a chastened Pickens was explaining that you can't "finance a wind deal unless you have \$6 gas."

That may be true, but on the spot market, natural gas now sells for about \$4 per million Btu. Today's relatively low natural gas prices are a direct result of the drilling industry's new-found prowess at unlocking huge quantities of methane from shale beds. Those lower prices are great for consumers, but terrible for the wind business. And worse yet for the wind business is this: many of the sharpest analysts in the natural gas sector expect low-cost natural gas -- that is gas at around \$4 -- will persist for several years to come.

Local resistance to industrial wind projects is also growing, a fact that AWEA claims is due to "NIMBYs." AWEA's use of that word is a slur on those who are trying to protect the value of their homes and property against industrial wind projects.

Here's the reality: the backlash against industrial wind is real, it's global, and it's growing. The U.S. has about 170 anti-wind groups. AWEA doesn't want you to know that a number of towns in New York state have prohibited the construction of industrial wind turbines. In April, the town of Falmouth, Massachusetts enacted a year-long moratorium on construction of new wind turbines. And earlier this month, a pair of environmental groups in Massachusetts called for a ban on new turbines in the state until more work is done on the health effects of wind turbine noise.

The wind lobby is desperate to downplay the problem of infrasound from wind turbines. But this month, in a peer-reviewed article in the *Bulletin of Science, Technology & Society*, Carl V. Phillips, a Harvard-trained PhD, concludes that there is "overwhelming evidence that wind turbines cause serious health problems in nearby residents, usually stress-disorder type diseases, at a nontrivial rate."

The subsidies for wind energy are in peril. A recent report from the Energy Information Administration shows that in 2010, the wind energy sector got more federal subsidies than any other energy sector other than biofuels. The report found that wind energy got a total of \$4.986 billion in subsidies, or nearly twice as much as was given to the oil and gas sector, which got \$2.82 billion. The majority of the wind energy money came from the federal stimulus package passed in 2009. But much of that stimulus money has been spent.

Last December, AWEA cheered after Congress approved a tax bill that included a one-year extension of the investment tax credit for renewable energy. But another high-profile renewable energy subsidy, the tax credit for the corn ethanol scam, is due to expire at the end of this year. And given that Republicans in Washington are eager to cut all types of federal spending, the investment tax credit is likely to, once again, be in legislators' cross hairs.

Bode was right a year ago when she said the wind industry is in distress. Her industry's still in peril today because it cannot survive without mandates and taxpayer subsidies. And unless or until it can, she cannot expect any sympathy from cash-strapped voters.

Robert Bryce is a senior fellow at the Manhattan Institute. His fourth book, Power Hungry: The Myths of "Green" Energy and the Real Fuels of the Future, was recently issued in paperback.