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Why Are We Still Propping Up Fossil Fuels?



KATE GORDON: There are so many misconceptions out there about renewable energy that it's hard to know where to start. But probably the biggest is this: that there is something inherent to renewable energy that makes it flimsy, unreliable, anemic and generally inferior to fossil fuels. It's the notion that—barring some miraculous and unexpected technological breakthrough—renewable technologies like wind, solar, geothermal, hydropower and biomass will never be good enough to serve as the backbone of the American energy system.

The reality, as [I've written on this site before](#), is far rosier. In the electricity sector, renewable technologies are already producing vast amounts of electricity at competitive prices. That's why utility giant Xcel Energy just filed a proposal with the Colorado Public Utilities Commission to expand dramatically its use of solar and wind energy in that state—on the basis of cost alone. According to an [Xcel spokeswoman](#), "Based on generation needs, the most reliable and most cost-effective resources happen to be solar and wind." And their costs should keep falling, particularly in the solar industry, where [Swanson's law](#) predicts that the cost of solar PV panels will fall 20% each time global panel manufacturing capacity doubles.

In the transportation sector, renewables are making a smaller dent—but then again, we're seeing a strong shift from fuel-driven to electricity-driven vehicles, making solar and wind strong players in this sector as well. Hybrid and electric cars hit [all-time sales records](#) in August 2013, and GM just this week came out with news of a [new EV](#) to challenge the Tesla.

Let's face facts: [The major reason renewables aren't scaling up faster is that the fossil-fuel industry has, for over a century, seen hundreds of billions of dollars in government subsidies, allowing the industry to reach economies of scale that have brought down costs.](#) A [2011 report by DBL Investors](#) calculated that by 2009 the American oil and gas industry had received a whopping \$447 billion (in 2010 dollars) in cumulative historical subsidies. Compare that with the paltry \$6 billion that wind, solar and geothermal combined received in cumulative subsidies by that same year.

Not that this shockingly unequal playing field is stopping the renewable energy industry. Companies like [Xcel Energy XEL -0.29%](#) see the future: [Clean energy technologies are cost-competitive right now, today, even without a boost in subsidies.](#) That's the kind of American business success we can all celebrate.

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