

Government Executive



What can you do
to help prevent
the flu?

Choose one:

- Eat yogurt
 Wash your hands
 Take a sauna
 All of the above

Energy Secretary says politics did not influence Solyndra loan

By Amy Harder *National Journal* November 17, 2011

Energy Secretary Steven Chu insisted at a House hearing on Thursday that politics did not influence Energy Department actions on a \$535 million loan guarantee to the solar-energy company Solyndra, which defaulted on the federal loan this summer after filing for bankruptcy.

"I want to be clear: Over the course of Solyndra's loan guarantee, I did not make any decision based on political considerations," Chu said in sworn testimony before the House Energy and Commerce Oversight and Investigations Subcommittee.

Chu also told lawmakers on Thursday that he was unaware that officials at his department urged Solyndra to hold off on announcing planned layoffs in 2010 until after the Nov. 2 elections, prior to which the Obama administration was touting Solyndra as a successful use of funds from the controversial stimulus package in 2009.

"I don't know. I just learned about that," Chu replied to Rep. Joe Barton, R-Texas, when Barton asked whether Chu knew about Solyndra's delay in announcing layoffs.

Chu was testifying for the first time to the House subcommittee that has been investigating Solyndra's failed loan.

Private investors of Solyndra, including a venture-capital firm founded by George Kaiser, an Oklahoma oil billionaire who bundled campaign donations for presidential candidate Barack Obama in 2008, said in an email released this week that DOE officials did urge Solyndra to hold off on a layoffs announcement until Nov. 3, 2010, a day after the midterm elections in which Republicans took control of the House.



Who knew?

Open Season runs
November 14th -
December 12th

FIND OUT MORE ►



Solyndra received a loan guarantee from the federal stimulus program in September 2009, but it went bankrupt this September - leaving taxpayers on the hook for most of the \$535 million initial loan. Struggling financially, the company announced layoffs and plans to consolidate some of its businesses on Nov. 3, 2010, according to press reports at the time.

"They did push very hard for us to hold our announcement of the consolidation to employees and vendors to Nov. 3 -- oddly, they didn't give us a reason for that date," states an October 2010 email exchange between advisers for Kaiser's firm, Argonaut Private Equity.

When Barton asked him if he knew who Kaiser was, Chu replied: "I know now."

Several months later when Solyndra was on the brink of bankruptcy, DOE decided to restructure the loan to put \$75 million of new private investments from firms including Kaiser's before the government's interests in the event of a default.

Chu repeatedly told lawmakers in testimony on Thursday that it was a "difficult decision" to restructure Solyndra's loan guarantee earlier this year rather than pull the plug on that federal support.

The solar manufacturer announced it was filing for Chapter 11 bankruptcy on Aug. 31, and the FBI raided its California headquarters a week later.

Chu didn't offer an apology for his decisions when asked by House Energy and Commerce Committee Chairman Fred Upton, R-Mich., if someone should apologize for Solyndra's demise and putting taxpayers on the hook for the loss of almost a half-billion dollars.

"It is extremely unfortunate what has happened to Solyndra," Chu said. "When the bottom of the [solar] market folds out and the price of solar decreases by 77 percent in two years, that was totally unexpected not only by us."

Chu reiterated that his decisions were never swayed by politics and there was no malfeasance, so he would not apologize.

The image shows a BlueCross BlueShield logo on the left, with the text "Employee Program" and "AND OUT" below it. To the right is a blue navigation bar with the word "undefined" in white. Further right, the text "Choose one:" is followed by four radio buttons, each with the word "undefined" next to it.

(C) 2011 BY NATIONAL JOURNAL GROUP, INC. ALL RIGHTS RESERVED.

The logo for Government Executive, featuring the words "Government" and "Executive" stacked vertically in white text on a blue rectangular background.

White House considered replacing Energy Secretary over Solyndra, email reveals

By Caitlin Fairchild cfairchild@govexec.com November 14, 2011

Several White House officials saw a plan to oust Energy Secretary Steven Chu months before a scandal surrounding solar power company Solyndra, the Associated Press [has reported](#).

The proposal to replace Chu came in a Feb. 25 email from Dan Carol, a former issues adviser to Barack Obama's presidential campaign, and was circulated by Peter Rouse, Obama's chief of staff at the time, AP reported Friday.

Spokesmen from the White House and from Energy said the plan was not taken seriously, the report said.

The White House released the email in response to Nov. 3 [subpoenas](#) issued by the House Energy and Commerce Committee, which is looking into a \$500 million federal loan granted to the now-bankrupt Solyndra Inc.

"As our investigation has unfolded, many more questions have emerged about both the initial loan to Solyndra and the subsequent restructuring [of the firm] that put taxpayers at the back of the line," committee chairman Rep. Fred Upton, R-Mich., and investigations subcommittee chairman Cliff Stearns, R-Fla., said in a [joint statement](#).

"Interest in Solyndra was not limited to the Department of Energy or Office of Management and Budget: some of the president's most senior advisers were closely monitoring the loan as well."

In his email, Carol suggested offering the Energy' top job to Navy Secretary Ray Mabus and making Chu the department's chief scientist, AP reported.

"This is a huge job and he would be perfect for it," Carol said in the email, adding that Chu "is a wonderful and brilliant man, but he is not perfect for the other critical DOE mission: deploying existing technologies at scale and creating jobs."

Solyndra's bankruptcy and allegations that Energy acted illegally in supporting the failed firm have been a [point of controversy](#) for the administration.

Dan Leistikow, Chu's spokesman, said the emails "reaffirm that decisions were made on the merits and that all of the baseless allegations about political considerations just aren't borne out by the facts," AP reported.

Chu will testify before the House energy committee on Thursday.

play again >



GSA Supports All Walks of Government

[LEARN MORE →](#)



U.S. General Services Administration

BlueCross. BlueShield.
Employee Program
AND OUT

Which type of exercise is most effective to relieve stress?

Choose one:

- Pad thai
- Karate
- Tai chi
- Pho ga

(C) 2011 BY NATIONAL JOURNAL GROUP, INC. ALL RIGHTS RESERVED.

Bloomberg

Solyndra's \$733M Plant Had Robots, Spa Showers

By Alison Vekshin and Mark Chediak - Sep 28, 2011

The glass-and-metal building that Solyndra LLC began erecting alongside Interstate 880 in Fremont, [California](#), in September 2009 was something the Silicon Valley area hadn't seen in years: a new factory.

It wasn't just any factory. When it was completed at an estimated cost of \$733 million, including proceeds from a \$535 million U.S. loan guarantee, it covered 300,000 square feet, the equivalent of five football fields. It had robots that whistled Disney tunes, spa-like showers with liquid-crystal displays of the water temperature, and glass-walled conference rooms.

"The new building is like the [Taj Mahal](#)," John Pierce, 54, a San Jose resident who worked as a facilities manager at Solyndra, said in an interview.

The building, designed to make far more solar panels than Solyndra got orders for, is now shuttered, and U.S. taxpayers may be stuck with it. Solyndra filed for [bankruptcy protection](#) on Sept. 6, leaving in its wake investigations by Congress and the [Federal Bureau of Investigation](#) and a Republican-fueled political embarrassment for the Obama administration, which issued the loan guarantee. About 1,100 workers lost their jobs.

Amid the still-unfolding postmortems, the factory stands as emblematic of money misspent and the Field of Dreams ethos that seemed to drive the venture, said Ramesh Misra, a solar-industry analyst in [Los Angeles](#) for Brigantine Advisors.

Cylindrical Modules

"When you don't have the demand, you can't go into something with the attitude, 'Build it and they will come,'" Misra said. "You have to make sure the customers are already there when you build it."

He is skeptical of the company's statement, in a press release on the groundbreaking for the plant, that it had a backlog of \$2 billion in orders for its cylindrical solar modules for commercial rooftops, which it touted as cheaper to install and more efficient than competing flat panels.

"Backlog" is a term sometimes used loosely in the industry and may not represent firm orders at all, he said.

[David Miller](#), a Solyndra spokesman, didn't respond to a phone call and e-mail seeking comment.

Solyndra was the dream of founder Chris Gronet, who received a Ph.D. in semiconductor processing at [Stanford University](#) and had spent 11 years as an executive at [Applied Materials Inc. \(AMAT\)](#). He adopted as the company's motto, "What we do here will someday change the world." Gronet didn't return a phone call seeking comment.

Prices Plunge

U.S. Energy Secretary Steven Chu and then-California Governor [Arnold Schwarzenegger](#) attended the 2009 groundbreaking for the plant. At the event, Chu said the U.S. solar-energy industry was losing out to countries like [China](#) and the loan guarantee, the first awarded by the department under President Barack Obama's 2009 economic stimulus plan, would ensure the company's orders would be filled by U.S. workers.

Even as Chu, Gronet and Schwarzenegger were thrusting their shovels into the dirt, market forces were working against Solyndra. The price of polysilicon, the main ingredient in competing traditional solar panels, had plunged. By the time the plant opened last January, the price would be down about 40 percent from when Solyndra got the loan guarantee. Chinese companies were ramping up production of their ever-cheaper competing flat panels.

Solyndra executives rushed construction in a race to fill orders, putting some work on a 24-hour, seven-day schedule. The factory was up and ready for equipment installation in 10 months. The project employed more than 3,000 union construction workers, according to a Solyndra background sheet.

'First Class'

"They were anticipating large production," Juancho Suntay, 51, a former Solyndra equipment maintenance technician, said in an interview. "That's why they wanted to have a state-of-the-art factory."

The plant features 19 loading docks, four electric car charging stations in the parking lot and landscaping of wild grass and a rock garden. An automated rail system moved parts through the assembly process.

Robots that resembled "a big freezer with wheels" maneuvered around the factory transporting panels from one machine to another, said George Garma, 49, a former Solyndra equipment maintenance technician from Fremont. The Disney tunes alerted workers to the robots' presence.

"It was first class," David Chan, 51, who was an information-technology contractor for Solyndra, said in an interview. "I've been in the business for 25 years and have seen some elaborate buildings. I've never seen a facility like it."

Costly Real Estate

The plant caught the attention of competitors. "Everybody I know in the solar industry would remark on it and say 'Boy, that's a really, really big factory,'" said Barry Cinnamon, chief executive officer at Westinghouse Solar Inc., a Campbell, California-based solar-panel company that manufactures in China.

"That's a lot of money that went into that factory," Cinnamon said in an interview. "It's one of those neck-snapping things every time you drove down the highway."

Commercial real-estate agents in the region wondered why a new factory was being built in the Silicon Valley region, the epicenter of some of the priciest real estate in the country, where most new construction consists of [office space](#).

"There hasn't been a factory or warehouse building built in Silicon Valley in well over 10 years," Jeff Fredericks, managing partner at Colliers International in [San Jose](#), said in an e-mail.

The asking rate for industrial properties in Silicon Valley is the fourth-most expensive in the U.S., according to Jack DePuy, Bay Area research manager at CB Richard Ellis in [Foster City](#), California.

Machinery Breakdowns

About 11.4 percent, or 950,801 square feet, of industrial space was vacant in Fremont in September 2009, according to data from Colliers.

"There was available space that we talked about with them," Bob Wasserman, Fremont's mayor, said in an interview. "It was their decision that they needed a new building. Was that a good decision? It didn't turn out to be."

John Olenchak, senior vice president at Kidder Mathews, a commercial real-estate firm in [Redwood City](#), said Solyndra executives considered existing space, including a former Sun Microsystems Inc. facility in nearby [Newark](#) that had 218,000 square feet of production space. The company wanted more space and to be near its existing operations, he said.

Solyndra used the new plant for the first phase of panel production. An older facility nearby finished and assembled the panels, former employees said. Problems developed at the old plant, when machinery wouldn't work properly and needed constant repair, workers said.

"Everybody was talking about it," said Edward Santos, 44, a former warehouse worker in Solyndra's logistics department.

Advantage Lost

"A significant percentage of the product we built went into a dumpster because it was defective," said Craig Ewing, 55, a former maintenance technician. "It seemed like the company accepted that," he said.

Even if the old plant hadn't had problems, by the time the company opened the new facility it was clear that Solyndra had lost whatever cost advantage it might have had, said Michael Butler, chairman and CEO of Cascadia Capital LLC, a Seattle-based investment-banking firm that advises renewable-energy companies.

"I'm sure there was a lot of panic at that point, because I'm sure that everyone saw the writing on the wall," Butler said.

Workers noticed inventory piling up. "The drivers would tell us that the warehouses are getting full," Santos said. "Sometimes, they'd stay there one or two days before the material was unloaded."

About two weeks before the company closed, Solyndra CEO Brian Harrison gave an upbeat speech at the new factory, said Romie Sumera, 58, a former equipment-maintenance technician.

Solyndra was getting leads on new orders from companies including Wal-Mart Stores Inc., Harrison told them.

To contact the reporters on this story: Alison Vekshin in [San Francisco](#) at avekshin@bloomberg.net; Mark Chediak in San Francisco at mchediak@bloomberg.net.

To contact the editors responsible for this story: Mark Tannenbaum at mtannen@bloomberg.net; Susan Warren at susanwarren@bloomberg.net.



Emails: Obama White House Monitored Huge Loan to 'Connected' Firm

By MATTHEW MOSK, BRIAN ROSS (@brianross) , and RONNIE GREENE
ABC NEWS and iWATCH NEWS

Sept. 13, 2011

Newly uncovered emails show the White House closely monitored the Energy Department's deliberations over a \$535 million government loan to [Solyndra](#), the politically-connected solar energy firm that recently went bankrupt and is now the subject of a criminal investigation.

The company's solar panel factory was heralded as a centerpiece of the president's green energy plan -- billed as a way to jump start a promising new industry. And internal emails uncovered by investigators for the House Energy and Commerce Committee that were shared exclusively with ABC News show the Obama administration was keenly monitoring the progress of the loan, even as analysts were voicing serious concerns about the risk involved.

"This deal is NOT ready for prime time," one White House budget analyst wrote in a March 10, 2009 email, nine days before the administration formally announced the loan.

"If you guys think this is a bad idea, I need to unwind the W[est] W[ing] QUICKLY," wrote Ronald A. Klain, who was chief of staff to Vice President Joe Biden, in another email sent March 7, 2009. The "West Wing" is the portion of the White House complex that holds the offices of the president and his top staffers. Klain declined comment to ABC News.

Beginning in March, ABC News, in partnership with the Center for Public Integrity's iWatch News, was first to report on simmering questions about the role political influence may have played in Solyndra's selection as the Obama administration's first loan guarantee recipient. Federal auditors had flagged the loan, saying some applicants had benefitted from special treatment.

The emails were uncovered by investigators for the House Energy and Commerce Committee, which will hold [hearings on the Solyndra loan](#) Wednesday. The

Republican-led House has been investigating the Obama administration's green energy loan program for months. That probe took on new urgency two weeks ago, when Solyndra abruptly shut its doors and laid off 1,100 employees. Last week, the FBI raided the factory as part of a joint investigation with the Energy Department's inspector general.

"This is not right. This is not good," said Rep. Fred Upton, R-Mich., who chairs the House committee that is examining the loan. "It makes you sick to your stomach. This is taxpayer money."

As federal authorities examine whether Solyndra misled the government about its true financial state, the Obama White House is fielding fresh questions over why it pushed so hard for Solyndra. Officials with DOE and the Office of Management and Budget are expected to testify Wednesday. Executives with Solyndra, invited to appear as witnesses, will not attend Wednesday's hearing but have told the House committee they will voluntarily appear next week.

Obama's DOE has said it backed Solyndra as a potential game changer in the clean tech movement, but the company's collapse came after clear warning signs the venture was a high risk from the start.

The White House has argued that any effort to finance



ADVERTISEMENT

PRINT POWERED BY



start-up businesses in a relatively new field like solar energy is bound to include risky ventures that could fail. They reject the notion being pushed by Republicans that Solyndra was chosen for political reasons. One of the largest private investors in the deal, Oklahoma billionaire George Kaiser, was also a prominent fundraiser for Obama's 2008 presidential campaign.

White House Says Emails Do Show Interest in Solyndra

White House officials said the emails shared with ABC News Tuesday do show White House interest in the timing of the Solyndra decision -- only because the president was considering announcing the decision himself while on a trip to California.

"I think that it is clear that folks understood at DOE that they were supposed to make their decision on the merits and do whatever they were supposed to do to kick the tires on the decision," an administration official told ABC News. "Folks were interested in being updated as to whether the decision-making process was completed."

The White House also noted to ABC News that the Bush administration was the first to consider Solyndra's application and that some executives at the company have a history of donating to Republicans.

The results of the Congressional probe shared Tuesday with ABC News show that less than two weeks before President Bush left office, on January 9, 2009, the Energy Department's credit committee made a unanimous decision not to offer a loan commitment to Solyndra.

Even after Obama took office on Jan. 20, 2009, analysts in the Energy Department and in the Office of Management and Budget were repeatedly questioning the wisdom of the loan. In one exchange, an Energy official wrote of "a major outstanding issue" -- namely, that Solyndra's numbers showed it would run out of cash in September 2011.

There was also concern about the high-risk nature of the project. Internally, the Office of Management and Budget wrote that "the risk rating for the project sponsor [Solyndra] ... seems high." Outside analysts had warned for months that the company might not be a sound investment.

Peter Lynch, a New York-based solar energy analyst, told ABC News it took only a cursory glance through Solyndra's prospectus to see there was a problem with their numbers.

"It's very difficult to perceive a company with a model that says, well, I can build something for six dollars and sell it for three dollars," Lynch said. "Those numbers don't generally work. You don't want to lose three dollars for every unit you make."

In 2008, Solyndra, then just three years old, pushed ahead with its application for government backing to build a new plant to produce its unique solar panels. An outside rating agency, Fitch, gave Solyndra a B+ credit rating that August. Two months earlier, in June 2008, Dun & Bradstreet issued a credit appraisal of the company. Its assessment: "Fair."

Those are not top-of-the-line scores, Fitch Ratings spokeswoman Cindy Stoller told the Center for Public Integrity's iWatch News, which has been investigating the deal in partnership with ABC News since March. She could not discuss the Solyndra review specifically, but said of a B+ rating: "It's a non-investment grade rating." She provided a company ratings definition, showing that B+ falls between a "highly speculative" B and "speculative" BB.

Asked about those ratings, and how significantly the department viewed the risk, Energy officials said Monday the department conducted "extensive due diligence" on the application, which included consideration of the Fitch rating.

"We believed the rating, which is used to inform our analysis of potential risks associated with the loan, was appropriate for the size, scale and innovative nature of the project and was consistent with the ratings of other innovative start-up companies," said Damien LaVera, an Energy Department spokesman.

"The Department conducted exhaustive reviews of Solyndra's technology and business model prior to



ADVERTISEMENT

approving their loan guarantee application," LaVera said. "Sophisticated, professional private investors, who put more than \$1 billion of their own money behind Solyndra, came to the same conclusion as the Department: that Solyndra was an extremely promising company with innovative technology and a very good investment."



ADVERTISEMENT

News

Subscribe | Mobile | Google USA TODAY stories, photos and more

GO Sign in | Join USA TODAY | Become a member

Home | News | Travel | Money | Sports | Life | Your Life | Tech | Weather

News: Communities | Education | Nation | Military | Politics | Religion | Offbeat | Washington | World | Opinion | Your Life



Opposing view: 'Perfect storm' sank Solyndra

By Daniel Poneman

Updated 13h 48m ago

26

Recommend

16



The [International Energy Agency](#) projects that solar power will grow steadily, producing nearly a quarter of the world's electricity within four decades. Conservatively, that means more than \$3 trillion worth of solar panels will need to be manufactured — a vast economic and employment opportunity to be seized by companies that succeed in this sector.

Ads by Google

Free Email from MailChimp

The Only Email Marketing Service That's Completely Free. Join Today.

[MailChimp.com](#)

OUR VIEW: Should Uncle Sam play venture capitalist?

Our competitors know this, and are playing to win. Winning will require substantial investments. Last year, for example, the [China Development Bank](#) offered more than \$30 billion in financing to Chinese solar manufacturers, about 20 times more than U.S.-backed loans to solar manufacturers.

Unfortunately, expanding production has coincided with short-term softening demand, a product of the banking crisis in Europe and its wider economic effects. The combination has had a dramatic effect on the price of solar cells, which has plummeted 42% in the past nine months. This has taken a serious toll on solar manufacturers everywhere, including the U.S.

This month, Solyndra, a California-based company, filed for bankruptcy. Solyndra had been named one of the world's 50 most innovative companies and reported sales growth of 40% to \$140 million last year. In 2006, the company applied for a federal loan guarantee. It underwent years of rigorous internal and external review before being approved — before the perfect storm of deteriorating market conditions.

Government support has an important role to play in developing new industries and emerging technologies, where private financing is not sufficiently available to support investment at commercial scale.

USA TODAY OPINION

About Editorials/Debate

Opinions expressed in USA TODAY's editorials are decided by its [Editorial Board](#), a demographically and ideologically diverse group that is separate from USA TODAY's news staff.

Most editorials are accompanied by an opposing view — a unique USA TODAY feature that allows readers to reach conclusions based on both sides of an argument rather than just the Editorial Board's point of view.

When it comes to clean energy, we have a choice to make. We can compete in the global marketplace — creating American jobs and selling American products — or we can buy the technologies of tomorrow from abroad.

Historically, our government has supported emerging industries, from transcontinental railroads to aviation to the microchip. These investments strengthened our nation and leveraged the private investments that drove our prosperity. In that spirit, our loan programs are today supporting a diverse portfolio of more than 40 companies that plan to employ 60,000 Americans and give us a chance to compete and succeed in the global clean

energy race.

Now is not the time to stop investing in our nation's future.

Videos you may be interested in



Sponsored Link
1 Trick to Relieve Joints

[EverydayLifestyles.cc](#)
Powered by [Taboola](#)
More videos

Cantaloupes grown in Colorado linked to listeria ...

Government sues to block AT&T, T-Mobile merger

Ads by Adblade™

Today's Offers | Home Refinance | Daily Deals



North Carolina: Is it a scam? We investigated a work at home story and what we found may shock you!



North Carolina: Is it a scam? We investigated a work at home story and what we found may shock you!



Wilmington - New trick allows any North Carolina resident to get extremely cheap car insurance.



Low priced penny stocks can make you a fortune virtually overnight...



Wall street genius "Mister X" reveals the next big stock picks for 2011.



(!): \$9 Car Insurance Trick? - I discovered the 1 trick your agent will never tell you...

Most Popular

Stories

- Drought threatens way of life for Texas...
- Dallas sets record with 70th 100-degree day
- Maria prompts tropical storm warning in...
- 7 oil workers found alive in Gulf of Mexico
- Tropical Storm Maria moving away from...

Videos

- Legal Sea Foods: Save The Crab ad
- Legal Sea Foods: Save The Trout ad
- Legal Sea Foods: Save The Salmon ad

Photos

- America remembers 9/11
- Epic drought plagues Texas

Daniel Poneman is the deputy secretary of Energy.

For more information about reprints & permissions, visit our FAQ's. To report corrections and clarifications, contact Standards Editor Brent Jones. For publication consideration in the newspaper, send comments to letters@usatoday.com. Include name, phone number, city and state for verification. To view our corrections, go to corrections.usatoday.com.

Posted 14h 14m ago | Updated 13h 48m ago



More from USATODAY

Man who shot his penis gets protection order USATODAY.com in News

Roundup: Pilot offers insight on George W. Bush USATODAY.com in News

Feds search defunct solar firm that got loan guarantees USATODAY.com in Money

'Ringer': Sarah Michelle Gellar times two USATODAY.com in Life

Feds expand probe of Obama-backed energy company USATODAY.com in The Oval

More from the web

How Veterans Medical Benefits Work Caring.com

Unthinkable Poised to Happen on Wall Street. See Disturbing Charts. Moneynews

These 4 Things Happen Right Before A Heart Attack Newsmax.com

10 Most Depressing States in the U.S. Health.com

5 Stocks Setting Up to Break Out TheStreet

[?]

Shootout in Kabul

Most Popular E-mail Newsletter

Sign up to get:

Top viewed stories, photo galleries and community posts of the day

Most popular right now: Republican wins House race, seen as Obama rebuke



Sign up for USA TODAY E-mail newsletters

USA TODAY Digital Services

Mobile | E-Newsletters | RSS | Twitter | Podcasts | Widgets | e-Edition | USA TODAY for iPad | Kindle Edition | Print Edition | Subscribe to paper

Reprints & Permissions | USA TODAY Topics | Reporter Index | Corrections/Clarifications | Contact Us | Archives

We've updated the Conversation Guidelines. Changes include a brief review of the moderation process and an explanation on how to use the "Report Abuse" button. Read more.



Advertisement for Live United: GIVE. ADVOCATE. VOLUNTEER. Visit LiveUnited.org to learn how. Includes logos for Ad Grade and United Way.

Home | News | Travel | Money | Sports | Life | Tech | Weather

Visit our Partners: USA WEEKEND | USA TODAY LIVE | Sports Weekly | Education | Space.com | Travel Tips

Contact us | Advertise | Pressroom | Media Lounge | Jobs | FAQ | Reprints/Permissions | Privacy Notice/Your California Privacy Rights | Ad Choices | Terms of Service | Site Index

© 2011 USA TODAY, a division of Gannett Co. Inc.

News

Subscribe | Mobile | Google USA TODAY stories, photos and more

GO Sign in | Become a member

Home | News | Travel | Money | Sports | Life | Your Life | Tech | Weather

News: Communities | Education | Nation | Military | Politics | Religion | Offbeat | Washington | World | Opinion | Your Life



Editorial: Uncle Sam play venture capitalist? See Solyndra

Updated 13h 48m ago

35

Recommend 347

68



In March 2010, the accounting firm PricewaterhouseCoopers issued a standard but stern warning about Solyndra, a California solar panel manufacturer: The company wasn't making money and never had, which raised "substantial doubt about its ability to continue as a going concern." Yet when [President Obama](#) visited Solyndra's plant in Fremont two months later, he gave a rousing pep talk and declared that "the future is here."

OPPOSING VIEW: 'Perfect storm' sank Solyndra

Alas, it wasn't.

Solyndra continued to struggle, canceled a planned public stock offering and filed for bankruptcy this month — leaving the U.S. government as its biggest creditor and raising new questions about whether [Uncle Sam](#) should be playing venture capitalist.

Despite initial misgivings about the company's viability, an [Energy Department](#) program aimed at boosting "clean energy" projects had guaranteed a \$535 million loan to Solyndra, which produced an innovative but expensive solar panel. Taxpayers are now on the hook for some or most of that money, depending on whether someone buys the assets.

Whether Solyndra is just an expensive embarrassment, or a full-fledged scandal, remains to be seen. Shortly after the bankruptcy filing, the [FBI](#) raided Solyndra's headquarters and the homes of its executives in connection with the loan. And today, [a House oversight panel holds a hearing](#) to probe how the company — whose board and investors included some major campaign donors to Democrats and Obama — got the money, and whether the administration properly vetted the application.

Even if Solyndra's collapse is nothing more than good intentions gone awry — a big if — it is a cautionary tale about why government should be extremely wary about betting tax dollars on specific companies. If there's one thing the marketplace virtually always does better than government, it's picking individual successes in an uncertain and highly competitive business. In fact, government involvement can unfairly tilt the playing field toward one company and away from competitors.

What the government can do is create an environment that makes it possible for the best companies to emerge and thrive. Government can fund basic research that is

By Alex Brandon., AP

On May 26, 2010, Solyndra executive Chris Gronet shows President Obama a solar panel in Fremont, Calif.

Ads by Google

Solar Energy

Learn about saving energy from the experts. Enterprise wide savings!
schneider-electric.com

Stocks to Watch

See what stocks Jim Cramer is trading for his portfolio today.
www.thestreet.com

Stocks Online

Signup For Our Free Stock Market Newsletter & Invest Like An Expert!
mynextstockpick.net

USA TODAY OPINION

About Editorials/Debate

Videos you may be interested in



Sponsored Link
Local Flowers Delivery
[Flowers.LocalYellowF](#)
Powered by [Taboola](#)
More videos

DC Police Hit Streets In Reaction To New

Small Tax Mistake Costs Man Thousands

Ads by [Adblade™](#)



North Carolina: Is it a scam? We investigated a work at home story and what we found may shock you!



Have a \$500k portfolio? Ken Fisher, a 25-year Forbes columnist, has a retirement guide for you!



Wilmington - New trick allows any North Carolina resident to get extremely cheap car insurance.



(): \$9 car insurance trick? - I discovered the 1 trick your agent will never tell you...



Discover the shocking muscle building trick used by pro athletes to get into shape fast.



Penny stocks are the secret to buying happiness during a recession...

[Add Your Link Here!](#)

Most Popular

Stories

- Drought threatens way of life for Texas...
- Dallas sets record with 70th 100-degree day
- Maria prompts tropical storm warning in...
- 7 oil workers found alive in Gulf of Mexico
- Tropical Storm Maria moving away from...

Videos

- Legal Sea Foods: Save The Crab ad
- Legal Sea Foods: Save The Trout ad
- Legal Sea Foods: Save The Salmon ad

Photos

- America remembers 9/11
- Epic drought plagues Texas

Opinions expressed in USA TODAY's editorials are decided by its Editorial Board, a demographically and ideologically diverse group that is separate from USA TODAY's news staff. Most editorials are accompanied by an opposing view — a unique USA TODAY feature that allows readers to reach conclusions based on both sides of an argument rather than just the Editorial Board's point of view.

too expensive and too uncertain for struggling companies. It alone can set clear rules, provide a productive tax environment and fiercely defend American companies from unfair foreign competition. One reason for Solyndra's demise was a huge drop in solar panel prices that might have been caused by China's heavily subsidized solar panel manufacturers dumping below-cost panels on the world market.

You can bet you'll hear a lot more about Solyndra as the campaign season intensifies, and rightly so. This is a stain on Obama's stimulus program. At the same time, context is important. The Obama administration inherited the Solyndra application from the Bush Energy Department, and Solyndra is one of 42 projects in the Energy Department's \$30 billion portfolio of clean energy loan guarantees. The department says none of those other projects is in trouble; we'll see.

Moving the nation away from its reliance on oil and coal would unquestionably have huge benefits for the environment and for national security. The most efficient way to attain that goal — raising the price of fossil fuels to reflect their real cost via a carbon tax or a cap-and-trade plan — isn't going anywhere in the current political environment. That leaves a variety of next-best options worth pursuing, but trying to pick winners among individual start-up companies ought to be at the bottom of the list.

For more information about reprints & permissions, visit our FAQ's. To report corrections and clarifications, contact Standards Editor Brent Jones. For publication consideration in the newspaper, send comments to letters@usatoday.com. Include name, phone number, city and state for verification. To view our corrections, go to corrections.usatoday.com.

Posted 13h 55m ago | Updated 13h 48m ago



More from USATODAY

- Feds search defunct solar firm that got loan guarantees
Roundup: Pilot offers insight on George W. Bush
Rick Perry: I am going to be honest with the American people
Feds expand probe of Obama-backed energy company
Al Jazeera: Taliban offered to give up Bin Laden for trial before 9/11

More from the web

- How Veterans Medical Benefits Work
Gabrielle Giffords' 'Interview' With Diane Sawyer Is a Total Sham
Fibromyalgia Syndrome: Mystery Pain Explained
10 Most Depressing Careers
These 4 Things Happen Right Before A Heart Attack

[?]

We've updated the Conversation Guidelines. Changes include a brief review of the moderation process and an explanation on how to use the "Report Abuse" button. Read more.

What Do You Think?
To leave a comment, you need to sign up.
Sign up Log in
31 comments
Sort: Oldest to Newest
Comments from haveblue, tassas, forever-con

Shootout in Kabul

Most Popular E-mail Newsletter

Sign up to get:

Top viewed stories, photo galleries and community posts of the day

Most popular right now: Republican wins House race, seen as Obama rebuke



Sign up for USA TODAY E-mail newsletters

USA TODAY Digital Services

- Mobile | E-Newsletters | RSS | Twitter | Podcasts | Widgets | e-Edition | USA TODAY for iPad | Kindle Edition | Print Edition | Subscribe to paper
Reprints & Permissions | USA TODAY Topics | Reporter Index | Corrections/Clarifications | Contact Us | Archives



FIRED UP

- [2012 Presidential Race](#)
- [Solyndra](#)
- [Regulation Nation](#)
- [MORE](#)

Like 56K

- [Home](#)
- [Politics](#)
- [Culture](#)
- [Justice](#)
- [Media](#)
- [Campus](#)
- [The Hot List](#)
- [On Fire](#)

[Politics](#)

September 14, 2011

Bush Admin. Voted AGAINST Solyndra Loan

[Fire it up](#)

16

20

Recommend 9K

[Share](#)



AP

The White House noted to ABC News that the Bush administration was the first to consider Solyndra's application and that some executives at the company have a history of donating to Republicans.

The results of the Congressional probe shared Tuesday with ABC News show that less than two weeks before President Bush left office, on January 9, 2009, the Energy Department's credit committee had voted against offering a loan commitment to Solyndra.

Even after Obama took office on Jan. 20, 2009, analysts in the Energy Department and in the Office of Management and Budget were repeatedly questioning the wisdom of the loan. In one exchange, an Energy official wrote of "a major outstanding issue" -- namely, that Solyndra's numbers showed it would run out of cash in September 2011.

There was also concern about the high-risk nature of the project. Internally, the Office of Management and Budget wrote that "the risk rating for the project sponsor [Solyndra] ... seems high." Outside analysts had warned for months that the company might not be a sound investment.

Peter Lynch, a New York-based solar energy analyst, told ABC News it took only a cursory glance through Solyndra's prospectus to see there was a problem with their numbers.

"It's very difficult to perceive a company with a model that says, well, I can build something for six dollars and sell it for three dollars," Lynch said. "Those numbers don't generally work. You don't want to lose three dollars for every unit you make."

[Read more at abcnews.com](#)

Sponsored Links

[Buy a link here](#)

Hot Stock Pick - OMVS

Newest Solar Technology. Investment, Stocks, Trade, News..
www.OMVSSolar.com

4 Signs of Heart Attack

These 4 Things happen right before a heart attack. Know these signs.
www.newsmax.com

**Penny Stock Jumping
3000%**

Join our 100% Free Newsletter & get Penny Stock Picks that jump high!
www.AwesomePennyStocks.com