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Another DOE-subsidized Solar Company to File For Bankruptcy

Following on the coattails of other failed "green" energy companies, a Colorado-based solar firm announced Thursday it will file for bankruptcy. Like many other green-tech companies, Abound Solar secured a loan guarantee — worth $400 million — from the Department of Energy (DOE) under the Obama administration.

Abound borrowed about $70 million against the guarantee before DOE officials froze its credit line last year. The company said it will suspend its operations immediately, which will result in about 125 employee layoffs. Citing a devastating expansion in Chinese solar production, Abound said in a press release that foreign manufacturers have made the solar market far too competitive, and that, consequently, it is imperative that import tariffs be implemented:

> Abound believes that, at scale, its USA-made CdTe panel technology has the ability to achieve lower cost per watt than competing crystalline silicon technology made in China. However, aggressive pricing actions from Chinese solar panel companies have made it very difficult for an early stage startup company like Abound to scale in current market conditions. According to the U.S. Commerce Department, the U.S. solar market has seen the prices for panels drop by more than 50 percent in the past year at a time when the value of imports of Chinese-made solar cells nearly quadrupled from $639 million in 2009 to $3.1 billion in 2011. Abound supports recent initiatives to enforce fair trade with import tariffs, but this action is unfortunately too late for the company.

Abound secured the loan guarantee in 2010 to expand operations at a plant in Longmont, Colorado, and to construct a new plant in Tipton, Indiana — while pledging to generate more than 1,200 jobs. But as the price of solar panels plummeted, prompting the DOE to suspend its line of credit, the company slashed its workforce by 70 percent, firing about 100 part-time workers and 180 full-time employees.

According to DOE spokesman Damien LaVera, American taxpayers are prepared to lose $40 million to $60 million on the federal loan after the firm's assets are sold off and the bankruptcy proceeding closes. "When the floor fell out on the price of solar panels, Abound's product was no longer competitive," LaVera contended.

Congressional Republicans and other critics are comparing Abound's demise to the infamous Solyndra collapse that transpired late last summer. "Our government is not good at picking winners and losers in the marketplace but has certainly proved it is good at wasting taxpayer dollars," declared Rep. Jim Jordan (R-Ohio).

Solyndra, also a solar panel-maker, was the first green energy firm to be awarded a loan guarantee under President Obama's 2009 stimulus law, and the administration often lauded the company as a poster-child for renewable energy. However, the company's collapse, along with a string of evidence that showed the administration expedited the loan for a 2009 groundbreaking, has delivered ammunition to Republican critics who oppose the President's government-sponsored approach to renewable-energy development.

Rep. Cliff Stearns (R-Fla.), chairman of the House Energy and Commerce Committee's oversight panel that launched a comprehensive probe into Solyndra's loan guarantee, said he believes an investigation over Abound's closure is unwarranted. "We know why they went bankrupt. We warned them they would go bankrupt," Stearns said Thursday. "The larger question is why the administration was pursuing a green-energy policy in which companies are going bankrupt and wasting taxpayer money."

Other observers have offered their criticisms, asserting that Abound's collapse was inevitable, largely because of the progressive expansion in foreign solar production. "This is not surprising at all," stated Anthony Kim, a Bloomberg analyst. "They were trying to sell to a competitive, over-supplied market with limited production. That keeps costs high."

Of course, the typical response is that Chinese competition is the culprit, and that falling prices are the sole catalyst to these companies' failures. However, as Erika Johnson of Hotair contends, "Maybe if we had just left the decision to develop solar (or not!) up to the private sector, we would've quickly figured out that investing in solar energy was a bad idea." Investors and business owners are more discerning when they're placing bets with their own dollars, Johnson continues, "than the federal government is in floating free taxpayer cash to their politically-profitable pet projects."

All in all, the Energy Department has doled out nearly $35 billion in loans, loan guarantees, and other commitments to renewable-energy firms, about 35 percent of which have gone to solar-generation projects. Abound adds to the growing list of failed DOE-subsidized green-tech ventures, which have placed billions of taxpayer dollars on the line.

Interestingly enough, Abound Solar was one of Obama's chief models in expanding the renewable-energy market. Delivering a weekly address in July 2010, the President lauded his stimulus law's support for solar power, adding that the law would ignite a vast expansion in American jobs. Abound would "creat[e] more than 2,000 construction jobs and 1,500 permanent jobs," he asserted, and would be a chief stimulant to the White House's quest to "create whole new industries and hundreds of thousands of new jobs in America."

But instead, the failures of Abound, Solyndra, and other DOE-financed boondoggles have led to the laying off of thousands of workers and a multi-billion-dollar tax bill for American workers.