



Written by [Bruce Walker](#) on July 6, 2012

Bankruptcies of Federally Backed Green Energy Companies Continue

The Obama administration's problems continue to mount because of its massive financial support of the so-called green industry. Perhaps the most well-known example of such boondoggles is the solar panel firm Solyndra, which went bankrupt last fall after a federal loan guarantee of \$535 million. And there have been a string of other such clean energy company bankruptcies since then, at a huge waste of taxpayer money.



This week, yet another clean energy company heavily underwritten by federal loans, Abound Solar in Colorado, declared bankruptcy, leaving the taxpayers on the hook for \$70 million.

According to *Northern Colorado Business Report*,

Abound Solar is estimating its liabilities amount to \$100 million to \$500 million, making its financial collapse one of Colorado's largest corporate bankruptcies in recent memory.

Abound last week announced it planned to seek bankruptcy but left unclear whether it would try to reorganize under Chapter 11 or file for Chapter 7. This week, in U.S. Bankruptcy Court for the District of Delaware, it clarified its intent.

It filed Chapter 7, meaning the company intends to halt its operations and dissolve.

And the problem with these massive federal loans supporting failed operations is not limited to solar projects. [Nevada Geothermal Power](#), which has received \$98.5 million in federal loan guarantees, is running into serious difficulties paying its bills after having operated at a loss for several years.

In a report issued for the period ending March 31, 2012, the firm's auditors stated:

The company's ability to continue as a going concern is dependent on its available cash and its ability to continue to raise funds to support corporate operations and the development of other properties, consequently, material uncertainties exist which cast significant doubt upon the company's ability to continue as a going concern.

Nevada Geothermal was already in deep financial difficulties before the federal loan guarantee. Congressman Jim Jordan (R-Ohio) took the administration to task for its actions, declaring,

The company was in danger of defaulting on its financial obligation, and the [Department of Energy] assistance served as a de facto bailout. After receiving a taxpayer-backed \$98.5 million loan guarantee, the company is still struggling.

Jordan described the loan as a device which "essentially served to prop up an already-faltering firm," noting that the Department of Energy seems to have a penchant for handing out loan guarantees to firms which are bad risks. More than 20 federal loan guarantees have been given to companies with a credit rating of BB-, which is equivalent to junk bonds. Nevada Geothermal Power's slightly higher BB+



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rating means that it was still a highly speculative credit risk.

The loan guarantee to Nevada Geothermal was strongly supported by Nevada Democratic Senator Harry Reid, who was instrumental in having the whole loan-guarantee program included in the mammoth \$814-billion stimulus bill. Reid touted the loan guarantee in 2010 as something which would “put Nevadans to work” and could turn the state into the “Saudi Arabia of geothermal energy.” At the time Reid was involved in a tough reelection battle. Energy Secretary Steven Chu had also touted the Nevada Geothermal Power loan in the same way that he had the Solyndra loan.

Geothermal power can be a very efficient energy source, if the conditions are right. Iceland provides most of its heating for homes and offices by this power source, and also generates a large percentage of its electrical power the same way. Though Iceland is a cold nation, it has several volcanoes whose heat can very easily be accessed.

The move to mandate clean energy and to federally subsidize it on a massive scale has not only failed to be economical but has also caused unintended consequences. Birds which ecologists report have low populations are flying into the giant wind machines and getting chopped up. Wind power in quiet New England towns has created a constant loud noise which residents complain has made their lives miserable.

Analysts have pointed out that there are perfectly reasonable solutions to the nation’s energy problems. Private firms with a vested interest in working in profitable technology could begin producing energy from the country’s vast reserves of coal, providing jobs to men in some of the poorest states. Oil and gas could be produced in Alaska, and North Dakota’s Bakken Field, and off the shores of several states with little or no ecological risk and not a penny of tax dollars.

The audit of Nevada Geothermal Power is just the latest piece of evidence that when the federal government attempts to solve a perceived problem in the national economy, the taxpayer-funded solution is often worse than the problem itself.

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