

## Clean-tech industry loses several advocates in Congress

Election results in California bode well for alternative energy projects in the state, but there might be less federal funding

*By Tiffany Hsu, Los Angeles Times*

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The clean-tech industry got a bit of a spark — and a jolt — from the elections this week.

While most in the industry cheered California's election results, with the defeat of Proposition 23 and Jerry Brown's gubernatorial victory, many said they were worried about the shifting makeup of Congress, where many advocates for climate-change legislation lost their seats Tuesday.

The change, particularly in the House, could eventually mean tightening of the federal spigot that has helped fund solar, wind and other alternative energy projects in California. Such projects have been bright spots in the country's dismal economy.

"One of the few silver linings ... has really been clean technology and green jobs," said Tom Soto, a managing partner at clean-tech investment firm Carton Equity Partners in Los Angeles.

But now, clean-tech development may take a back seat in Congress, analysts and industry executives said. Consequently, energy efficiency incentives and tax credits could fall by the wayside. Balancing the budget and cutting taxes are likely to outweigh policies supporting green innovation and efforts to cut back on carbon emissions.

"There's a whole class of congressional Luddites that believe there's nothing to address on the topic of global warming, resulting in a leadership vacuum on climate change in the House," Soto said. "They'll have less of an appetite to support these subsidies as aggressively as they have in the past."

President Obama conceded on Wednesday that a push for comprehensive energy legislation was not likely to gain much traction until after the 2012 elections.

That is already prompting some industry trade groups to step up lobbying the incoming class. The American Wind Energy Assn. held a press conference Friday urging incoming members of Congress to work with the alternative energy industry.

They won't have to work that hard in California.

Brown, like Gov. Arnold Schwarzenegger, is expected to be a major cheerleader for renewable energy efforts in the state.

And more people cast votes on Proposition 23 — which would have suspended the state’s climate change legislation — than on the governor’s race or any other ballot issue. The measure was defeated by a wide margin. Opponents said that if it had passed, it could have stymied green-tech developments.

Wide-ranging opposition to the measure — including millions of dollars from wealthy donors, including Gap Inc. director Robert J. Fisher, film director James Cameron, Intel Corp. co-founder Gordon Moore and venture capitalist L. John Doer — bodes well for the state’s clean-tech industry, analysts said.

But California may end up being a clean-technology island.

In the new Congress, half of the freshman Republicans are climate-change skeptics and 86% oppose any climate change legislation that would cost the government money, according to an analysis by Think Progress, a website run by the Center for American Progress.

Green-tech entrepreneurs say that without a unified national policy, investors and businesses will increasingly leave the U.S. for Germany and Asia, where many governments have comprehensive energy legislation.

“The lion’s share of the facilities, revenue and jobs will go to other places, like China, where the cost of doing business is much more affordable,” Jack Stewart, president of the California Manufacturers and Technology Assn., said in a statement.

The industry is calling for legislators to renew federal stimulus funds that are expiring at the end of the year. The funds have been a major impetus to speed along large solar installations that are about to break ground in the California desert.

But an unenthusiastic Congress could actually be good for the U.S. clean-tech industry in the long run, said Jim Nelson, chief executive of Solar3D Inc. in Santa Barbara. Green companies have been too reliant on government help, he said.

Federal loan guarantees, grants and subsidies have typically benefited sprawling solar and wind projects while smaller, local companies have been less dependent on such aid. Nelson said that with less government backing, the industry could see more competition, which would drive innovation and private investment.

“This will accelerate the survival of the fittest,” said Christophe Schilling, chief executive of sustainable chemicals company GenAmerica Inc. in San Diego. “The clean-technology leaders will be those that can offer a clear cost advantage, with or without additional government policy.”