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[Home](#) > Green-energy plant sucks up subsidies, then goes bust

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To turn wood chips into ethanol fuel, George W. Bush's Department of Energy in February 2007 announced a \$76 million grant to Range Fuels for a cutting-edge refinery. A few months later, the refinery opened in the piney woods of Treutlen County, Ga., as the taxpayers of Georgia piled on another \$6 million. In 2008, the ethanol plant was the first beneficiary of the Biorefinery Assistance Program, pocketing a loan for \$80 million guaranteed by the U.S. taxpayers.

Last month, the refinery closed down, having failed to squeeze even a drop of ethanol out of its pine chips.

The Soperton, Ga., ethanol plant is another blemish on ethanol's already tarnished image, but more broadly, it is cautionary tale about the elusive nature of "green jobs" and the folly of the government's efforts at "investing" -- as President Obama puts it -- in new technologies.

Late in the Bush administration, corn-based ethanol started to get a bad rap. Corn for ethanol was crowding out other crops, and food prices were soaring. Mexicans rioted as tortilla prices spiked. So Bush started talking up "advanced biofuels" including "cellulosic ethanol": roughly, ethanol distilled from plants that were not also food products. Bush mentioned wood chips and switchgrass in two consecutive State of the Union addresses

Georgia politicians saw an opportunity here. "The Saudi Arabia of Pine Trees" became an unofficial state motto among Peach State politicians, and Gov. Sonny Perdue declared, "I'm confident the bioenergy industry and sector is going to be a cornerstone of the new Georgia."

Amid all this hopeful talk by politicians, there were naysayers among the scientists. One Nobel Prize-winning physicist talked to the New York Times about these startups trying to turn logging waste into fuel. "You have to look at starts with a grain of salt, especially starts where they say, 'It's around the corner, and by the way, can you pay half the bill?' "

But that same scientist, Steven Chu, is now the secretary of energy, and his Energy Department has recently offered a loan guarantee of as much as \$1 billion to a Texas company looking to squeeze fuel out of wood.

The Texas company, KiOR, isn't trying to produce ethanol and methanol as Range Fuels is doing in Soperton. KiOR's end product would be synthetic crude oil, which can do everything ethanol can do (except spike a punch) and much more. This could be part of why the Soperton plant is having trouble finding new investors: Why turn wood chips into white lightning when you can turn them into black gold?

If KiOR's efforts produce a useful fuel, politicians will take credit. But the fact that it has apparently supplanted subsidized wood-to-ethanol makes you wonder what will supplant wood-to-crude before it ever gets to market.

More to the point, how much private investment capital has been dragged to useless fuels because of the promise of subsidies? Range Fuels alone attracted more than \$100 million in private investment. Without subsidies, that money would have gone to projects whose promise was not taxpayer money but market demand -- that is, somewhere useful. Our "green" subsidies could be postponing the day we get an alternative to foreign oil.

Range Fuels is a politically connected, mostly through its founder, venture capitalist Vinod Khosla. Khosla has given more the \$350,000 to federal candidates and campaign committees in recent years, a vast majority going to Democrats. In his home state of California, Khosla has famously and openly bankrolled ballot measures to direct state funding to his own "green" ventures or use regulation to make his investments more valuable.

Range Fuels' lobbying budget is small, having spent only about \$50,000 over the past three years. Their lobbyists have been former top staffers for powerful Democratic Sens. Patty Murray, Ron Wyden, and Max Baucus.

Despite these Democratic ties, it's been Republicans who have lathered the subsidies on Soperton and celebrated them -- Gov. Perdue, President Bush, Sens. Johnny Isakson and Saxby Chambliss. On the GOP side, Range Fuels' most politically connected asset may be the aptly named Pat Wood. Wood is a revolving-door veteran -- he's the former chairman of the Federal Energy Regulatory Commission, having won that job on the recommendation of then-Enron Chairman Ken Lay.

Just as Enron sucked up subsidies before collapsing, the wood-to-ethanol project in Georgia is yet another dog in Uncle Sam's "investment" portfolio.

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