

## **Background:**

### **Newly Released Emails Show President Obama Directing Green Energy Loan Program, Just Days After Denying Involvement**

Emails disclosed today by the House Oversight Committee show President Obama was intimately involved in the administration of the Department of Energy's green energy loan guarantee program, pressuring officials to speed up the loan process and intervening in specific cases.

**Notwithstanding the President's claim *last week* that "these are decisions, by the way, that are made by the Department of Energy, they have nothing to do with politics,"<sup>1</sup> this evidence shows the White House – the President, the Vice President, and senior staff – applied sustained political pressure to DOE professionals charged with administering the loan program.**

In one email, a senior DOE official describes the decision to fast-track loan approvals as "POTUS-level." He writes: "I am growing increasingly worried about a fast track process **imposed on us at the POTUS level** based on this chaotic process that we are undergoing... by designing the fast track process and **having it approved at the POTUS level (which is an absolute waste of his time!)** it legitimizes every element and it becomes embedded like the 55% recovery rate which **also was imposed by POTUS.**"<sup>2</sup>

In another email, a senior DOE official suggests Obama personally intervened on behalf of a loan applicant, saying, "Jonathan [Silver, Executive Director of the Loan Program] just said at our staff meeting that, opposite the message received on Thursday, AREVA is now a "go" (seems on Friday POTUS himself approved moving it ahead)."<sup>3</sup>

In multiple emails, Silver discusses his upcoming meetings with **Larry Summers, Carol Browner, and the President's Chief of Staff, Rahm Emanuel.**<sup>4</sup>

**This is just the latest in a series of disclosures this month that raise serious the President's green energy agenda, could turn election in**

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<sup>1</sup> Kyle Clark, 9 News, "White House promoted failed solar company," October 30, 2012. Available at [9news.com](http://9news.com)

<sup>2</sup> "Email #1," Available at [oversight.house.gov](http://oversight.house.gov).

<sup>3</sup> "Email #2," Available at [oversight.house.gov](http://oversight.house.gov), Email Appendix II page 237, available at [oversight.house.gov](http://oversight.house.gov).

<sup>4</sup> Email, Appendix II page 7, Available at [oversight.house.gov](http://oversight.house.gov)

## **final days to referendum on energy.**

### **In Recently Discovered Email, The Same Official Who Describes Loan Decisions As “POTUS Level” Expresses Deep Doubts About Loan Program He Helps Oversee, Says He Has No Idea “How To Pick Winners” In The Solar Field**

Jim McCrea, who was in charge of credit analysis for the loans, wrote in an email to colleagues, "**I really cannot fathom how one figures out whether a loan to a PV [photovoltaic] manufacturer is being made to one that will survive. Everything about the business argues for the failure of many if not most of the suppliers...All in all in the solar field, I think it is extremely easy to pick losers and I really do not know how to pick winners.**"<sup>5</sup>

In other words, this senior official in the DOE's Loan Programs Office expressed to coworkers that it was very likely the taxpayer money they were charged with allocating would go to companies that would fail. One of the people best informed about the solar industry -- which received more than 80 percent of the DOE loans -- believed it was all but impossible to pick solar companies that would not be a waste of taxpayer money.

### **Newly Released Emails Show White House Pushed Loan To Politically-Connected Company That Later Failed**

Email correspondence obtained by the House Committee on Oversight and Government Reform, first reported this week, suggests the White House pushed officials in the Department of Energy's Loan Program Office to advance a \$400 million loan guarantee to Abound Solar, which filed for bankruptcy in July.

As the Denver Post reported, "In an e-mail dated June 25, 2010, Jonathan Silver, executive director of loan programs for the U.S. Department of Energy, told an agency contractor that 'the WH wants to move Abound forward.'"<sup>6 7</sup>

Pat Stryker, described by the Washington Examiner as a "Democratic mega-donor," was the founder of Bohemian Companies, one of the largest investors in Abound. She bundled more than \$100,000 for the President's inauguration. As the Examiner reported, "A year after the investment, but a year before Abound received a loan guarantee, Stryker apparently visited the White House."<sup>8</sup> This White House's apparent involvement in pushing the Abound loan

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<sup>5</sup> *Washington Examiner*, "Email includes energy department official's midnight confessions on picking 'winners and losers'," October 26, 2012. Available at [washingtonexaminer.com](http://washingtonexaminer.com).

<sup>6</sup> Mark Jaffe and Steve Raabe, *Denver Post*, "Emails link White House to discussion of Abound Solar loan guarantee," October 29, 2012. Available at [denverpost.com](http://denverpost.com).

<sup>7</sup> "Email #3," Available at [oversight.house.gov](http://oversight.house.gov).

<sup>8</sup> Joel Gehrke, *Washington Examiner*, "House investigating bankrupt solar company backed by Obama bundler and DOE loan,"

forward raises serious questions about its management of the Loan Program.

Furthermore, sources inside Abound told the *Daily Caller* that "the company knew its panels were faulty prior to obtaining taxpayer dollars," and were quoted as saying of their product, "Our solar modules worked as long as you didn't put them in the sun."<sup>9</sup> This raises the prospect that a lack of diligence on the part of the government cost taxpayers millions.

### **Nearly All DOE Loans Went To Companies With "Junk" Ratings -- And The Administration Knew It**

McCrea's observation -- that "it is extremely easy to pick losers" in the solar industry -- was supported by facts the administration knew at the time it approved the loans.

22 of the projects that got DOE loan guarantees were not even credit-worthy, receiving junk ratings prior to being approved.<sup>10</sup>

For instance, Fitch gave Abound a "B" ("highly speculative") credit rating on 11/4/2010. They projected just a 45% chance of recovery. The loan was approved December 2010. The company declared bankruptcy in July 2012.<sup>11</sup>

S&P gave Beacon Power Corp a CCC+ ("currently vulnerable") credit rating on 4/30/2010. The loan was approved in August 2010. The company declared bankruptcy in October 2011.<sup>12</sup>

Fitch gave Solyndra a BB- ("speculative") credit rating on 8/7/2009. The loan was approved September 2009. The company declared bankruptcy in August 2011.<sup>13</sup>

### **New Analysis Shows Administration Allowed Green Energy Executives To Get Rich Off Taxpayer Support While Betting Against Their Own Companies**

As the Washington Examiner reported yesterday, the reckless administration of green energy programs funded by the Stimulus allowed executives at private companies to make tens of millions as the government dove in to help them.

In two cases not reported until this week, the Obama administration turned a blind eye as

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July 3, 2012. Available at [washingtonexaminer.com](http://washingtonexaminer.com).

<sup>9</sup> Michael Bastasch, *Daily Caller*, "Sources, documents suggest government-subsidized Abound Solar was selling faulty product," October 2, 2012. Available at [dailycaller.com](http://dailycaller.com).

<sup>10</sup> House Committee on Oversight and Government Report, "The Department of Energy's Disastrous Management of Loan Guarantee Programs," p. 10. Available at [oversight.house.gov](http://oversight.house.gov).

<sup>11</sup> *id.*

<sup>12</sup> *id.*

<sup>13</sup> *id.*

executives withdrew almost the full value of the government assistance from their companies after receiving federal funds. Insiders at Amyris and Solazyme sold millions of dollars' worth of stock after receiving huge grants from the government, effectively pulling money out of the companies as the government funded them. At Amyris, they sold \$23.2 million worth of stock after receiving a \$24.3 million grant, and at Solazyme, they sold \$18.4 million worth of stock after receiving a \$21.8 million grant. For these insiders, President Obama's green energy grants meant a big payday despite dramatic drops in each of their companies' stock prices.<sup>14</sup>

In one egregious case, FirstSolar received more than \$3 billion in loan guarantees from the Department of Energy, which it then sold to partners. But SEC filings show corporate insiders at FirstSolar (primarily the company's chief executive) have taken \$720 million -- nearly a third the amount of the guarantees -- out of the company via stock sales since 2008.<sup>15</sup>

At the same time as they asked taxpayers for money, executives at FirstSolar were betting against their company, taking their own money out of it. No venture capitalist would invest under those circumstances.

In addition to several highly questionable loans (given the subsequent actions of executives), several very large companies received government assistance they clearly did not need, unjustly enriching private investors with taxpayer money. In a memo to President Obama, three of his top economic advisors (including Larry Summers) offered Shepherds Flat as an example of a project that "would likely move forward without the loan guarantee."<sup>16</sup> Another company, NRG Energy, received \$3.5 billion from taxpayers despite generating more than \$9 billion in revenue in 2011.<sup>17</sup> It is a Fortune 500 company. Cogentrix received more than \$90 million, despite being owned wholly by Goldman Sachs.<sup>18</sup> Prologis received a \$1.4 billion loan guarantee, despite revenues of nearly \$2 billion in 2011.<sup>19</sup> And Ormat Technologies received \$350 million, despite revenues approaching \$450 million in 2011.<sup>20</sup>

### **Nineteen Taxpayer-Backed Green Energy Companies Have Gone Bankrupt -- So Far -- Two In October**

List of taxpayer-backed green energy companies that have gone bankrupt, adapted from Heritage.org<sup>21</sup>:

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<sup>14</sup> Washington Examiner, "Insiders get rich on Obama's green energy stimulus," October 31, 2012. Available at [washingtonexaminer.com](http://washingtonexaminer.com).

<sup>15</sup> *id.*

<sup>16</sup> Larry Summers, Carol Browner and Ron Klain, "Memorandum For The President: Renewable Energy Loan Guarantees And Grants," October 25, 2010. Available at [whitehouse.gov](http://whitehouse.gov).

<sup>17</sup> CNN Money, NRG. Available at [cnn.com](http://cnn.com).

<sup>18</sup> Statement of Cogentrix CEO Robert Mancini, June 19, 2012. Available at [oversight.house.gov](http://oversight.house.gov).

<sup>19</sup> Prologis, 10-K. Available at [shareholder.com](http://shareholder.com).

<sup>20</sup> Ormat Technologies, 10-K. Available at [ormat.com](http://ormat.com).

<sup>21</sup> Asche Schow, Heritage's *The Foundry*, "President Obama's Taxpayer-Backed Green Energy Failures," October 18, 2012.

1. Evergreen Solar (\$25 million)
2. SpectraWatt (\$500,000)
3. Solyndra (\$535 million)
4. Beacon Power (\$43 million)
5. Ener1 (of EnerDel) (\$118.5 million)
6. Abound Solar (\$400 million)
7. A123 Systems (\$279 million)
8. Willard and Kelsey Solar Group (\$700,981)
9. Raser Technologies (\$33 million)
10. Energy Conversion Devices (\$13.3 million)
11. Mountain Plaza, Inc. (\$2 million)
12. Olsen's Crop Service and Olsen's Mills Acquisition Company (\$10 million)
13. Range Fuels (\$80 million)
14. Thompson River Power (\$6.5 million)
15. Stirling Energy Systems (\$7 million)
16. Azure Dynamics (\$5.4 million)
17. Nordic Windpower (\$16 million)
18. Satcon (\$3 million)
19. Konarka Technologies Inc. (\$20 million)

### **The President's Green Jobs Sham – They're Just Counting Regular Jobs**

President Obama pinned much of his hopes for a jobs recovery on green energy. Apparently he was convinced that a wave of “green jobs” sparked by his Stimulus programs would launch a whole new economy and help millions of Americans find work. According to one account:

“Energy was a particular obsession of the president-elect's, and therefore a particular source of frustration. Week after week, [White House economic adviser Christina] Romer would march in with an estimate of the jobs all the investments in clean energy would produce; week after week, Obama would send her back to check the numbers. “I don't get it,” he'd say. “We make these large-scale investments in infrastructure. What do you mean, there are no jobs?” But the numbers rarely budged.”<sup>22</sup>

But even those that did appear weren't all they were cracked up to be. In a hearing of the House Oversight Committee, however, then-Acting Commissioner of the BLS admitted that “green jobs” included:<sup>23</sup>

- o “someone who sweeps the floor in facility that makes solar panels”

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Available at [heritage.org](http://heritage.org).

22 Noam Scheiber, *The Escape Artists: How Obama's Team Fumbled the Recovery*, 2012, p. 103

23 House Committee on Oversight and Government Reform, June 6, 2012 Hearing. Available at [oversight.house.gov](http://oversight.house.gov).

- o “if you drive a hybrid bus [for] public transportation”
- o “if you are a college professor teaching classes about environmental studies”
- o “any school bus driver”
- o “the guy who puts the gas in the school bus”
- o “a clerk at a bicycle repair shop”
- o “an antique dealer” (because they are selling recycled goods)
- o “someone who works are the Salvation Army in their clothing recycling and furniture”
- o “people who sell rare books and manuscripts”
- o “workers at a consignment shop”
- o “a teenage kid who works full time at a used record shop”
- o “people who work in a trash disposal yard...garbage men”
- o “an oil lobbyist...engaged in advocacy related to environmental issues”

### **President Obama Wants To Double Down On This Record Of Failure**

It was one of Senator Obama's most daring promises as a candidate for President: he would "end the age of oil in our time."<sup>24</sup> He would harness "the ingenuity of farmers, scientists, and entrepreneurs to free this nation from the tyranny of oil once and for all."<sup>25</sup> He would “build a new economy that is powered by clean and secure energy.”<sup>26</sup> As President, this promise has been a staple of his major economic speeches. Yet evidence suggests the President's green energy dreams have gone wildly awry.

Throughout the Obama administration, the President has recklessly wielded the full power of the federal government in an effort to force the United States into using expensive, exotic, and unproven "green" energy technologies. This ideological pursuit has cost taxpayers tens of billions of dollars. It has enriched private investors and socialized the losses of their risky choices. It has failed to produce any significant technological advances in an initiative the President likened to the Apollo program.<sup>27</sup> And it has failed to create the millions of "green jobs" President Obama promised would help drive an economic recovery.<sup>28</sup>

The President wants to take America down the same misguided path as Spain -- where politicians promised "green jobs" and delivered skyrocketing energy prices and a colossal waste of taxpayer money, at the cost of nearly \$1 million per "green job."<sup>29</sup> Likewise, in the United States, after unfortunate attempts to mandate that utilities generate large amounts of "green" energy, we have seen home electricity costs that are on average 32% more expensive

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<sup>24</sup> Barack Obama, Energy Townhall in Youngstown, OH, August 5, 2008. [Available at realclearpolitics.com](http://realclearpolitics.com).

<sup>25</sup> Barack Obama, Iowa Caucus Victory Speech, January 3, 2008. Available at [nytimes.com](http://nytimes.com).

<sup>26</sup> Obama for America campaign literature, “Barack Obama: New Energy For America,” August 8, 2008. Available at [scribd.com](http://scribd.com).

<sup>27</sup> Barack Obama, Remarks at the Stimulus Signing, February 17, 2009. Available at [cbsnews.com](http://cbsnews.com).

<sup>28</sup> Obama for America campaign literature, “Barack Obama: New Energy For America,” August 8, 2008. Available at [scribd.com](http://scribd.com).

<sup>29</sup> Gabriel Calzada Álvarez, Universidad Rey Juan Carlos, “Study of the effects on employment of public aid to renewable energy sources,” March 2009. Available at [juandemariana.org](http://juandemariana.org).

than in states without such requirements.<sup>30</sup> President Obama wants to make such to make such a mandate federal policy, imposing higher costs on all states.<sup>31</sup> Such schemes are a careless, useless waste of hardworking Americans' resources.

Meanwhile, he has continued to block access to enormous oil and gas reserves on federal lands, which the American people own. Under President Obama, the number of new oil and gas leases for federal land is down 36 percent,<sup>32</sup> even as the price of gasoline has doubled.

More of the same green energy policies are not the answer when the programs we have are already so mismanaged. Far from being the key to economic recovery that the President claims, his expensive green energy agenda is an obstacle to growth – one we simply cannot afford.

### **Six Friends Of The Obama Administration Who Profited From Green Energy Programs**

#### **Prologis – \$1.4 billion**

The brother of Prologis board member Lydia Kennard bundled at least half a million dollars for Obama in 2008.<sup>33</sup>

#### **NRG Energy - \$3.5 billion**

“Arvia Few is a bundler for the Obama re-election campaign who has promised to raise between \$50,000 and \$100,000. She began bundling for Obama in the first quarter of 2012. Her husband, Jason Few, is an executive at a company that has benefited handsomely from the Obama administration’s clean energy spending, records show.”<sup>34</sup>

#### **BrightSource - \$1.6 billion**

BrightSource received its loan in April 2011. One month later, in May 2011, President Obama nominated its Chairman, John Bryson, to serve as Secretary of Commerce.<sup>35</sup>

#### **Solyndra - \$ 535 million**

One of Solyndra’s “primary financial backers was Oklahoma oil billionaire George Kaiser, who bundled at least \$50,000 for Obama during his 2008 campaign.”<sup>36</sup> Karen Alter,

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<sup>30</sup> Robert Bryce, Manhattan Institute’s Energy Policy and the Environment Report, “The High Cost of Renewable-Electricity Mandates,” February 10, 2012. Available at [manhattan-institute.org](http://manhattan-institute.org).

<sup>31</sup> Change.gov, “The Obama-Biden Plan,” available at [change.gov](http://change.gov).

<sup>32</sup> Conn Carroll, *Washington Examiner*, “Oil and gas leases, acres, and permits all down under Obama,” October 17, 2012. Available at [washingtonexaminer.com](http://washingtonexaminer.com).

<sup>33</sup> Public Citizen, “Bundler: William Kennard”. Available at [citizen.org](http://citizen.org).

<sup>34</sup> Fox News, “Obama Donor's Hubby Gets \$1B in Solar Loans,” May 22, 2012. Available at [foxnews.com](http://foxnews.com)

<sup>35</sup> Romina Boccia, Heritage Foundation, “Brightsource DOE Funding Exposes Obama Cronyism,” May 17, 2012. Available at [heritage.org](http://heritage.org).

<sup>36</sup> John Hudson, *The Atlantic*, “The Extent of Obama’s Solyndra Problems,” September 2, 2011. Available at

Solyndra's Senior Vice President of Marketing, gave the Obama campaign \$23,000. All in all, Solyndra executives donated more than \$100,000 to the Obama campaign and other Democratic groups.<sup>37</sup>

#### **Abound Solar - \$400 million**

Pat Stryker, described by the Washington Examiner as a "Democratic mega-donor," was the founder of Bohemian Companies, one of the largest investors in Abound. She bundled more than \$100,000 for the President's inauguration. As the Examiner reported, "A year after the investment, but a year before Abound received a loan guarantee, Stryker apparently visited the White House."<sup>38</sup>

#### **Ormat Technologies - \$350 million**

Paul Thomsen, Director of Policy and Business Development for Ormat, starred in a reelection advertisement for Senate Majority Leader Harry Reid, touting stimulus benefits and saying, "Harry Reid saw the potential for geothermal before just about anybody else."<sup>39</sup>

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[theatlanticwire.com](http://theatlanticwire.com).

<sup>37</sup> C.J. Ciaramella, *Daily Caller*, "Bankrupt solar company with fed backing has cozy ties to Obama admin," September 1, 2011. Available at [dailycaller.com](http://dailycaller.com).

<sup>38</sup> Joel Gehrke, *Washington Examiner*, "House investigating bankrupt solar company backed by Obama bundler and DOE loan," July 3, 2012. Available at [washingtonexaminer.com](http://washingtonexaminer.com).

<sup>39</sup> Harry Reid campaign, "Geothermal," June 10, 2010. Video available at [youtu.be.com](http://youtu.be.com).