



Written by [Rebecca Terrell](#) on January 1, 2011

Boone's Bane: Wind Energy

Now, after investing more than \$1.5 billion in turbines in west Texas, Pickens is bowing out of wind. What made his plans fizzle? He has blamed the lack of a power grid necessary to transmit energy generated by [remote wind farms](#). Media reports confirm this is one of the [problems with wind energy](#).

Another problem is natural gas. Reporting for the [Wall Street Journal](#), Robert Bryce explains, "Two years ago, natural gas prices were spiking and Mr. Pickens figured they'd stay high." But they didn't. Natural gas currently sells for around \$4 for every 1 million British thermal units (BTUs) of energy it produces, while wind energy eats up \$6.44 per million BTUs in federal subsidies alone. Pickens claims the price of natural gas would have to be \$7 per million BTUs to make wind energy economically viable.



According to Bryce, low natural gas prices are here to stay because of "the drilling industry's newfound ability to unlock methane from shale beds." He also quoted Dr. Fatih Birol, chief economist for the International Energy Agency, [who predicted](#), "The gas glut will be with us 10 more years" due to a global oversupply poised to keep prices below \$6 until 2017.

As for Pickens' now-useless west Texas turbines, Bryce says, "He's hoping to foist them on ratepayers in Canada, because that country has mandates that require consumers to buy more expensive renewable electricity."

This news of Pickens' epiphany comes hand-in-hand with the announcement last month by Texas Comptroller Susan Combs that her state is paying too high a price for wind farms. Her annual [report](#) to the legislature explains the economic development incentive program allowing school districts to offer tax breaks is "increasingly used to over-incentivize projects that create few or no jobs." Sixty-five percent of these projects are "renewable energy," and wind makes up the majority of them. However, of the more than 6,000 jobs created by the incentive program, a meager 8 percent are in renewable energy. Moreover, a disproportionate 38 percent of the program's tax benefits go to wind.

Combs stated that the cost to the state per job is nearly \$1.6 million, roughly 40 times more than the cost per job under the [Texas Enterprise Fund](#), which is the governor's principal economic development plan. Combs' recommendation to the Texas legislature: "The program should be restructured towards its original intent."

Bad wind and market realities certainly didn't discourage the lame-duck Congress from extending wind subsidies and tax credits for another year. On December 17, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Denise Bode, CEO of



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the American Wind Energy Association, called it a “great holiday present for the 85,000 American workers in the wind energy industry.” She claimed, “Orders will be on the rise for new wind power, and investors will put more capital into the U.S. economy.”

T. Boone Pickens, for one, won’t be among them.

Photo of T. Boone Pickens: AP Images



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