Press Release

The Case for Reforming Loan Guarantees for Energy Innovation

ANDREW EVANS | DECEMBER 3, 2018

In the midst of the Great Recession, the Obama Administration repurposed the Loan Programs Office (LPO) to support economic growth in addition to energy innovation, its original mission. After several of the program’s high-profile failures, including the collapse of solar-panel manufacturer Solyndra, some have called for shuttering the program completely. In contrast, AAF’s Director of Energy Policy Philip Rossetti calls for reforming the program and restoring its initial mission while simultaneously reforming the government’s approach to energy policy in general.

An excerpt:

LPO must return to its original mission of supporting environmental innovation. As an environmental program, LPO and its Title 17 program hold considerable potential (if reformed), but it cannot be part of any so-called “green jobs” or other economic growth strategy. Government redistribution does not spur economic growth, and LPO is no exception to this rule: A government-directed environmental program will not directly boost the economy. Yet this fact does not mean that there is not a role for LPO, as the government has goals besides strengthening the economy. Politicians seek [greenhouse gas] reductions, and, as outlined above, existing technology in the market is unlikely to deliver them. There is therefore a role for a program that can provide capital to innovative technologies. LPO could be that invaluable environmental program.

Read more here.