



Progress in Peril

Congressional Stalemate Threatens Wind, Solar Power

From the prairies of west Texas to the mountains in upstate New York, wind turbines are springing up across America at a record pace.

Of all the renewable energies, wind power is proving to be the most promising so far. In 2007, it accounted for a solid 30 percent of all the new electric generation built in the nation, according to the American Wind Energy Association.

Now that success is threatened. And so is the more modest progress we're making on solar power.

The problem is that Congress and the White House can't agree on a means to pay for the tax credits this green power depends on. Unless the stalemate is broken, the credits will expire at the end of this year.

We know what will happen then. Investments in green energies will collapse.

Because we've seen this drill before. The credits have expired three times since 1999 and each time investments in wind energy fell off a cliff the next year, dropping by an average of 81 percent, industry data shows.

Most observers expect that an agreement will be reached, if only for a one-year extension. But the uncertainty is taking a toll.

Wind industry executives say it is becoming harder to get loans for their projects. And manufacturers say they hesitate to in-

vest in building wind components until they can gauge the expected demand.

Investment in solar power are affected as well. One of America's premier solar companies, First Solar of Toledo, Ohio, is opening its newest factory in Germany, where a 20-year solar incentive plan is locked into law.

The House, backed by most of New Jersey's delegation, passed an extension of the credits, and paid for them by reducing tax credits for oil and gas firms. The Senate, with support of Senators Frank Lautenberg and Robert Menendez, passed a one-year extension but could not get approval for the House's source of funding.

This stalemate should be easy to overcome at a time when the need is so clear.

One final note: PSEG and other utilities that are investing in solar energy are urging Congress to allow utilities to claim these credits, too. Excluding us can only slow progress toward our shared goal.

So let's hope they can strike a deal soon. Time is in short supply.

What's your view? Please let us know at Opinion@PSEG.com

