THE BUSH ADMINISTRATION CUTS BACK ON SPENDING ON RENEWABLE ENERGY PROGRAMMES

It is perhaps ironic that, while the cost of fossil fuels on world markets rises, causing inflationary tendencies, internationally, and causing many international airlines to seek the refuge of the courts in order to stave off bankruptcy, the Government of the United States has determined to spend less on its renewable energy programmes in the 2006 Fiscal Year.

(Renewable energy is derived from resources that are generally not depleted by human use, such as the sun, wind and water movement)

The Bush Administration, in its Budget request for the Department of Energy's Renewable Energy Programme, seeks $US353.60 million.

That amount of money is about 8.39 percent less than the Budget request appropriation for the 2005 Fiscal Year.

On February 7, 2005, the US Administration's Budget request for Fiscal Year 2006 included increases in:

Hydrogen fuels	$US5.10 million
Facilities	$US4.90 million

The decreases were sought in:

Biofuels	$US30.50 million
Small hydro	$US4.40 million

In addition, at least $US75.90 million would be programmed or eliminated, completely.

These programmed/eliminations included:

Hydrogen	$US37.60 million
Biofuels	$US35.30 million
Intergovernmental	$US3.00 million

While The **O**rganisation of Petroleum **E**xporting **C**ountries (OPEC) continues to have the whip hand on the largest economies of the world and may, at its whim, hold the world to ransom with regard to the production and sales of crude oil, the only superpower of the world determines to cut back on its renewable energy programme.

One would have thought that the Bush Administration would have executed long-range plans in order to be less dependant on OPEC for its supply of crude oil in the years to come.

OPEC controls about 30 percent of the world's exports of crude oil, today, and, as such, it has the ability to control the price of oil on world markets, simply by the turn of the oil tap.

About 8 months ago, when the price of crude oil was rushing up to the $US50-per-barrel level, OPEC came out with the statement that the reason for the rapid rise in the price of crude oil was because of demand factors and *'it is not our* (OPEC's) *fault.'*

At that time, OPEC was delivering about 27 million barrels of crude oil per day.

It made the claim, at that time, also, that its production levels were being strained and that it could not increase production further.

Last Sunday, the President of OPEC, Sheikh Ahmad al-Fahd al-Sabah, promised that the oil cartel would continue to deliver to the world stage not less than 30 million barrels of crude oil per day.

That figure of 30 million barrels of crude oil per day represents a 25-year, OPEC production high, one was informed.

Sheikh Ahmad al-Fahd al-Sabah, also, stated that $US40 per barrel was an acceptable price, for the time being, as far as OPEC was concerned.

Ah, what a difference a few months make!

In the 1973 crisis, energy prices quadrupled as the oil embargo strangled the economies of the West.

That major shock to the economies of the world led to the establishment of a US Government-backed initiative, the aims of which were to assist the country's immediate needs and to take whatever measures were deemed necessary in order to ensure that such a situation did not recur.

The 1970s witnessed a fast-track Federal renewable energy programme, which included research and development and the participation at the Federal level in private enterprise.

Also, during that period, the US Government instituted market incentives – business and residential tax credits, to mention but 2 such incentives – and there came into being the Public Utility Regulatory Policies Act.

Within one decade of that US Government initiate, OPEC failed in its objectives of driving up crude oil prices to sustainable higher prices: And oil prices collapsed, back below the $US12 per-barrel level.

Despite one determination after another by Congress to spur spending on more aggressive renewable energy programmes, Federal spending continued to wane through the 1990s.

It was not until 1994, more than 2 decades after the 1973 oil crisis, that Congress was able to push through legislation and close reviews of annual budget submissions.

Between Fiscal 1973 and Fiscal 2003, the US Government spent about $US14.60 billion for renewable energy research and development.

Such research funding grew from less than $US1 million per year in the 1970s to more than $US1.40 billion in Fiscal 1979 and Fiscal 1980.

Then, funding dried up.

In Fiscal 1990, the amount of money, spent by the US Government of renewable energy research and development, fell to about $US148 million.

In Fiscal 2003, however, funding was raised to about $US411 million.

The Iraqi war has cost the US taxpayer more than $US200 billion since US armed forces attacked the country in March 2003.

For Fiscal 2006, the US Budget aims to accelerate the development of hydrogen-powered, fuel-cell vehicles, thereby reducing dependence on fossil, fuel-powered vehicles.

It is hoped that this incentive will result in industry commercialisation of infrastructure for such vehicles by Fiscal 2015.

The goals of other renewable energy technologies seek to improve energy production performance at much lower costs.

In Germany, in contrast to the US, that country's boom in photovoltaic technology has been powered by Government subsidisation through regulated electricity prices, with which the German Government is desirous of pushing the commercialisation of the new energy technology.

(Photovoltaic technology pertains to exhibiting, or utilising the generation of an electromotive force by light incident on an interface between certain pairs of substances)

Many German politicians see this technology as a means to achieve energy and environmental policy goals.

In short, it is hoped to bypass OPEC in the fullness of time, at least to some extent.

In Fiscal 2004 in Germany, there was an increase of about 140 percent in newly installed capacity of grid-connected, photovoltaic systems.

The German Solar Energy Association has forecast that a growth of about 20 percent for this Fiscal Year is, perhaps, on the conservative side.

Similar growth and potential is seen in Germany in respect of solar thermal energy, a technology that uses collectors to absorb the energy of the sun and convert it, directly, into heat.

Growth, internationally, in newly installed collector area in the years through to 2010 is expected to average somewhere in the region of between 10 percent and 20 percent.

The reason for this confidence is the expectation that, in the next few decades, technological advances could well come to mean that electricity from large-scale, solar thermal power stations could result in the price of power, being reduced from the current price of between 15 cents (US) and 20 cents (US) per kilowatt hour to between 5 cents (US) and 7 cents (US) per kilowatt hour in hot climates.

Rather high levels of subsidisation in Germany have resulted in the country, making rapid strides in its goals of creating energy without having to depend on fossil fuels.

Without State support, it is unlikely that the country could have achieved its present situation.

While Germany appears to be continuing along its chosen path in order to find alternative sources of energy, in the US, it does appear that the Bush Administration is cutting back spending on renewable energy programmes as **TARGET**'s statistics suggest.

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