

Jim Rogers

The CEO of Duke Energy could make dreams of renewable power a reality.

By SHARON BEGLEY

DUKE ENERGY CORP. IS NOT THE WORLD'S greenest utility, and CEO Jim Rogers is no green saint. The company was sued by Environmental Defense, the research and advocacy group, when it balked at installing modern air-pollution controls on old coal-fired power plants that it was renovating; the Supreme Court handed it a 9-0 loss in 2007. Duke is the country's third-

largest emitter of the greenhouse gas carbon dioxide, and is building two new power plants that will burn coal, the worst CO₂ fuel. But if Barack Obama wants to spend \$15 billion a year over the next decade to develop and deploy renewable energy, and to get the country on track to cut greenhouse emissions 80 percent by 2050, Rogers, with his sooty record—but belief in renewable energy and the need to cut CO₂—is just the kind of powerful ally he'll need.

The support of environmentalists and of green-tech companies for Obama's plan is a given. The support of industry is not. Dead-enders still deny that global warming is occurring, much less that it is caused by greenhouse gases. Much of the business community thinks mandatory CO₂ reductions would be economically ruinous: in November, the U.S. Chamber of Commerce warned of a "dev-

Rogers has called for mandatory reductions of CO₂ emissions from power plants.

astating impact ... on businesses, farmers, the fragile economy and job creation." For eight years, opposition like that (combined with White House intransigence on climate change) crippled efforts to expand renewable energy and cut greenhouse emissions. But if Rogers and other industrial titans—Alcoa, Caterpillar, General Electric, BP America, Dow Chemical, Du Pont and Shell are among those that support mandatory CO₂ cuts—can flip some of their peers and provide political cover to pro-business congressmen, the next four might be different.

Rogers has aligned at least some of Duke's investments with

his rhetoric. He has called for mandatory greenhouse-gas reductions from power plants and other sources, advocates a cap-and-trade system (polluters get allowances to emit CO₂; if they emit less, they can sell or trade them to worse emitters) and supports a surcharge on electricity to fund R&D on low-carbon technologies. Duke is spending \$50 million to install 10 megawatts of solar panels on customers' rooftops. It bought a wind-power company in June for \$320 million, raising its wind capacity to 500 megawatts; it has another 5 gigawatts of wind projects in development. And Duke will buy all of the electricity from one of the nation's largest solar photovoltaic farms—16 megawatts under construction in North Carolina, enough for 2,600 homes.

To jump-start renewable energy and green technology will take at least three big steps. First, wind and solar require huge upfront capital outlays, which makes them extremely sensitive to the cost of borrowing. "In the last two months we've seen capital get very tight, though there's interest in wind and solar projects among private-equity firms that have money to invest," says attorney Edward Zaelke of the Chadbourne & Parke law firm, where he handles energy deals. What would get investments flowing? Government loan guarantees for construction of wind or solar farms, to reduce the cost of capital; extending tax credits for solar and wind projects and making the credits transferable so a company that has no tax liability could sell them to one that does; perhaps even direct government loans. Though that's hardly unprecedented nowadays (AIG bailout, anyone?), Congress is

losing patience with the unending federal involvement in markets. It will take the business community to argue that achieving energy security and staving off climate catastrophe is worth even more than insuring a steady supply of Pontiacs.

The second way to boost investment in renewables is for the government to send a clear signal to business: emitting CO₂ will cost you. "If industry knows cap-and-trade is certain by 2011, and that they have to cut emissions 80 percent by 2050, that will be the most powerful signal you can get," says Environmental Defense president Fred Krupp.

Finally, making green energy a reality will require increasing demand for it, since the more of something buyers want, the greater the economies of scale producers can achieve. There is no more powerful buyer than the U.S. government. Federal facilities—8,600 buildings and 213,000 vehicles—are already required by law to cut their energy use 30 percent by 2015, so "going green is something we live and breathe," says Jim Williams, acting head of the General Services Administration, which buys and runs those facilities. The GSA has converted a federal building in upstate New York to all wind power and installed 110,000 square feet of solar panels on a building near Washington that houses mission control for scientific satellites. If the new administration requires even more green purchases, the cost of solar could drop by half, says Rhone Resch of the Solar Energy Industries Association, with no big technological breakthroughs. But Congress will need to hear from CEOs like Rogers who can see past next quarter's bottom line.