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Solyndra, explained

Posted by Rachel Weinerat 08:30 AM ET, 06/01/2012

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Solyndra is back in the news, with former Massachusetts governor **Mitt Romney** making a surprise appearance Thursday at the California headquarters of the failed energy company. Republicans have repeatedly argued that the Obama Administration's investment in Solyndra is part of a failed energy policy and, worse, shady dealings by the White House.



Republican U.S. presidential candidate and former Massachusetts Governor Mitt Romney speaks at the former Solyndra headquarters and factory in Fremont, California, May 31, 2012. REUTERS/Beck Diefenbach

So, what exactly happened with Solyndra?

Solyndra was founded in Silicon Valley in 2004. The company planned to build solar panels without polysilicon. While Solyndra's panels were more expensive to make, they were supposed to be cheaper to install, and the skyrocketing price of polysilicon gave the company a chance to compete in the market.

The following year, the company was invited to apply for a government-guaranteed loan under the Energy Policy Act of 2005 — a law backed by Republicans and designed to “support innovative clean energy technologies.” A full application came in 2008, and the Department of Energy began a review.

In March 2009, Energy Secretary **Steven Chu** announced a \$535 million conditional loan guarantee to Solyndra — making it the first to receive a loan since the 2005 program began. At that point, administration officials pushed for the DOE to hasten its final decision on approving the loan so Vice President **Joe Biden** could announce it on a planned trip to California. The loan was funded with stimulus money and formally announced in September 2009.

But Solyndra was already in trouble.

In February of 2008 the price of polysilicon began to fall sharply, while Solyndra’s claims of cheaper installation costs were also in doubt. Chinese firms started to crowd out American ones on the solar panel market. Natural gas prices also fell, making investments in more or comparatively more expensive alternative energy less attractive.

Management at the firm also made questionable spending decisions, wasting loan money on state-of-the-art equipment that went unused.

In March of 2010, an independent audit by PriceWaterhouseCoopers questioned whether Solyndra could survive as a business, and even administration staff and close Obama allies in the venture capital world warned the White House about whether the company was a good bet, according to internal administration emails.

Obama visited the company in a high-profile press event in May 2010, despite some of these warnings. The Energy Department persuaded the firm to delay layoffs until after the 2010 midterm elections, according to those emails.

The DOE learned in December 2010 that Solyndra could not make its loan payment, in violation of its federal loan deal. Solyndra executives had been privately warning administration officials that the firm was at risk of liquidation.

Yet in February 2011, the department restructured the loan, with some investors agreeing to provide Solyndra \$75 million more in financing.

Part of the deal was that private investors, including family funds connected to Obama fundraising bundler George Kaiser, would be paid back before the government if Solyndra collapsed. The Kaiser-tied funds were already the largest investors in Solyndra.

In August 2011, the company filed for bankruptcy.

Congressional Republicans had been investigating the company’s loan since early in 2011. Republicans, in particular the outside group Americans for Prosperity, have attacked Obama repeatedly on the issue, suggesting he was helping friends by financing Solyndra because of Kaiser’s role as a major Obama fundraiser.

Internal e-mails show political considerations infused almost every level of the decision-making on granting the Solyndra loan and later administration efforts to keep the company afloat. But none of the records released to date show the White House or top administration leaders pushing the loan specifically because of Kaiser’s stake in the firm.

Nearly \$4 billion in federal grants and financing, however, flowed to 21 companies backed by firms with connections to five Obama administration staffers and advisers on energy policy, according to a Post examination.

Democrats argue that the scale of the GOP investigation is unwarranted and politically motivated, given that charges of cronyism have not yet been proven. Rep. **Jim Jordan** (R-Ohio) suggested earlier this year that election politics were in play, saying that “bringing attention to these things helps the voters ... as they evaluate who they are going to vote for in November.”

Republicans have also argued that Obama was being a venture capitalist, and that unlike Romney, he failed at it. Democrats have pushed back on that analogy, arguing the government’s focus is job creation, not profit and Solyndra is just one company in a broad green energy program. However, creating jobs through green technology has been an arduous process.

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atc333 wrote: 6:12 AM PDT

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So, apparently, the GOP was in favor of Solyndra before they were against it. Obama continued with the loans, and guaranteed 500 billion in loans to the company.. Now, because the ... See More

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