



Will Politics Kill Wind Farms?

We just wrote about the bleak future for coal usage for electric power production. This is primarily because natural gas is cheaper and cleaner. The Trump administration has promised to bring back coal production and appears to be intent to achieving that goal by any means possible. But natural gas is not going away as an energy source. That leaves nuclear and renewable energy sources as the remaining opponents of coal. From the U.S. Energy Information Administration here is the breakdown of **U.S. electricity generation by energy source**.

In 2016, about 4.08 trillion kilowatt-hours (kWh) of electricity were generated at utility-scale facilities in the United States. About 65% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases), about 20% was from nuclear energy, and about 15% was from renewable energy sources. The U.S. Energy Information Administration (EIA) estimates that an additional 19 billion kWh (or about 0.02 trillion kWh) of electricity generation was from small-scale solar photovoltaic systems in 2016.

Here is the breakdown.

- Natural gas = 33.8%
- Coal = 30.4%
- Nuclear = 19.7%
- Renewables (total) = 14.9%
 - Hydropower = 6.5%
 - Wind = 5.6%
 - Biomass = 1.5%
 - Solar = 0.9%
 - Geothermal = 0.4%
- Petroleum = 0.6%
- Other gases = 0.3%
- Other nonrenewable sources = 0.3%
- Pumped storage hydroelectricity = -0.2%

If Trump wants to beef up coal production he needs to reduce nuclear or renewables. The only significant renewables are hydroelectric dams and wind turbine farms. In this light the Department of Energy will be studying whether electricity production credits for wind energy as well as solar are harming other parts of the electric energy sector (coal). The *New York Times* discusses the **political cloud over wind power**

Wind farms, with their rapid geographic spread and technological advances, are reshaping the electric system, defying skepticism that they are steady or reliable enough to displace conventional power plants.

“The fuel of choice right now, certainly for us, is wind,” said Ben Fowke, the chief executive of Xcel Energy, which shut down a large natural-gas plant in Colorado for two days in January and let wind fill, on average, half of its customer demand.

Now politics, not skepticism, may be wind power’s biggest barrier. Under new leadership with ties to conventional energy interests, the Energy Department is scrambling to complete an internal study in the next month that could lead to an upending of the policies that fostered the rapid spread of solar and wind.

At issue are electricity production credits for wind and well as solar electricity production. The rationale for these credits was to help a fledgling energy sector compete and develop in order to reduce CO2 emissions, acid rain production and human caused warming of the atmosphere. The point of view of the Trump administration is that coal production is down and jobs in that sector have been lost. They believe that cutting subsidies for renewable energy sources will help their constituency. But how will it help or hurt your investments? From the viewpoint of coal, look at our **bleak future for coal** article. If tax credits for solar and wind electricity generation go away it will hurt those sectors and probably help natural gas. It will likely not help coal production or bring companies like Peabody out of bankruptcy.

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