

The dream of alternative power is just that -- a refusal to face reality.

by Neil Reynolds, The Globe and Mail

John Deutch is not only a respected scientist (chemical engineering) at the Massachusetts Institute of Technology. He is not only a former director of the CIA. He's a Democrat, too. (On his last day in office, former president Bill Clinton pardoned him for the criminal act of storing 17,000 pages of classified documents on his home computer.) And Ernest Moniz is not only a respected scientist (theoretical physics) at MIT. He's not only a former high-ranking policy adviser in the U.S. Department of Energy. He's a Democrat, too. (He served in the Clinton administration as an undersecretary from 1996 through 2000.) Together, more recently, Dr. Deutch and Dr. Moniz have acted as co-chairmen of an illustrious panel of MIT faculty who spent the past three years studying the role of fossil fuels in the 21st century. In the panel's report, published last week, the scholars said fossil fuels will remain the most important sources of primary energy for decades to come -- for the U.S. as much as for China and India. Fossil fuels supply 80 per cent of the world's energy. Oil supplies 35 per cent; coal, 25 per cent; natural gas, 20 per cent. Nuclear power supplies 6.5 per cent; hydro, 2.2 per cent; biomass, 11 per cent. Solar, wind and geothermal sources, all together, supply 0.4 per cent.

"Coal use will increase under any foreseeable scenario," the report says, "because it is cheap and abundant." Coal delivers useable energy, it says, for \$1-\$2 (U.S.) per million BTUs, compared with \$6-\$12 for oil and natural gas. Alternative energies all cost more. And coal exists in vast quantities all over the world.

In these days of green hysteria, this fact requires frequent repetition.

Alternative energy experiments are intrinsically interesting. In the larger scheme of things, most of them aren't important. Natural Resources Canada, in one study, says fossil fuels will provide 90 per cent of the world's increase in energy supply through 2030. The simple fact is that we're not going to get from here to 2107 on solar power, wind power, corn power or nuclear power. It's encouraging that liberals such as Professors Deutch and Moniz can call it as it is -- though it would be fun to hear it from Al Gore.

As the MIT report makes clear, China's definition of alternative energy is oil and natural gas. Forty-five per cent of all train cars in China transport coal.

The country increases its coal-fired electricity every year by an amount equal to the entire production of Great Britain. For the next quarter century at least, the MIT report says, China and India will account for 70 per cent of the incremental demand for coal in the entire world -- and for virtually all of the increase in greenhouse gas emissions in the world.

The report observes that India may well surpass China in coal consumption, in greenhouse gas emissions -- and in population, too. With 1.1 billion people, India now has a fertility rate of 2.73 and a growing population. With 1.3 billion people, China has a fertility rate of 1.73, well below replacement level.

Predictably, the MIT report calls for carbon taxes in the U.S. This is a fashionable position. Specifically, the report proposes either a go-slow tax regime (a penalty of \$7 a ton of CO₂, beginning in 2010), or a go-fast tax regime (a penalty of \$25 a ton, beginning in 2015). But wait.

Haven't Professors Deutch and Moniz already proposed a more radical carbon penalty? Well, yes, they have. But when they pitched it in a 2003 op-ed column in The Wall Street Journal, they said it was nuclear power that needed help to become the energy source of the future. Nuclear power, they conceded, could compete against coal only with hefty taxpayer help -- to wit, a carbon penalty of \$50 a ton. They calculated the cost of new nuclear power at 6.7 cents per kilowatt-hour, of new coal-fired power at 4.2 cents. They said the \$50-a-ton penalty on carbon would raise the cost of coal-fired power to 5.4 cents per kwh.

In other words, even with a carbon tax twice as high as the penalty proposed now in the MIT study's tough-love carbon scenario, coal-generated electricity remains 25-per-cent cheaper than nuclear. Conceding this, the professors argued that governments would need to "top up" the carbon tax with direct subsidies to the nuclear industry.

Times and technologies change. Opinions change -- as the MIT report's No. 1 conclusion attests. "It is critical that the federal government not fall into the trap," the Deutch-Moniz report confidently asserts, "of picking a technological winner." Indeed.