

[Why we really do want to abolish solar power subsidies](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 8 September 2013

Long time readers will recognise the skeleton of this argument: that solar power is becoming ever cheaper really very quickly. Which is exactly why we should immediately abolish all and any subsidies for it.

That solar power is becoming cheaper very quickly is obviously true: but it's also true that the general engineering opinion is that it's going to continue to do so and that it will soon be cheaper than coal produced 'leccie from [the grid](#) [3]:

He says the key to making solar panels competitive ? whether in the United States, China, or elsewhere ? is to bring the cost of installed panels to a level competitive with the current cost of electricity from the grid, without subsidies or tax benefits. Once that goal is achieved ? which the researchers estimate will likely occur by the end of the decade ? then much larger PV factories will become economically viable worldwide. ?This common goal, which can benefit all nations, is an opportunity for international cooperation that harnesses our complementary strengths,? Buonassisi says. Improvements under way in every step of the PV manufacturing process ? from thinner silicon wafers to greater cell efficiency to better ways of mounting the cells in a panel ? could end up making them highly competitive with other sources of power, Buonassisi says. ?Today?s technology is not quite there yet,? he says, but adds, ?We could be hitting grid-competitive costs ? within the next few years,? which could lead to a surge in installations.

That's just excellent, of course. Cheaper power for all is something to be desired not rejected simply because the current supporters of the technology are ageing hippies. Admittedly, it's a close run thing but that cheaper power does outweigh the hippies thing.

At which point the hippies leap up and shout that it's the subsidies that make solar cheaper so we must continue them. Something which fails on two grounds. The first being that I'm afraid industry doesn't work like that, it doesn't turn on a thrupenny bit. The solar industry has built up a sufficient head of steam that it's going to get there whatever the current level of subsidy: thus we don't need to pay it any more to get to the desired goal.

But the much more important point is that the existence of price efficient solar cells is rather like a public good. Assume that it does become gloriously cheap: no one is not going to sell it to us here in England just because we're English or anything. Quite the contrary, they'll be falling over themselves in order to take our money. Which means that we, the English, can simply stop subsidising solar power in England. We'll wait thanks, wait for that decade or less, then we'll buy the cheap and efficient cells and install them.

Normally we think of the public goods problem as being one of preventing free riders. My suggestion here is the opposite of course: that given the similarity to a public good we should position ourselves to be those free riders. Abolish the subsidies now, wait until the prices comes down some more then install them when they are cost effective without subsidy.

What's not to like about this plan?

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