

Can Solar Stay Hot?



Michael W. Wise | Monday, March 16, 2015

Solar energy is hot right now, but what will the future hold for the industry when the ITC solar credit is set to drop after 2016?

Before looking ahead, let's take a look back at some of solar's history. A recent [article](#) in the *North Dallas Gazette* does a nice job of telling the story of solar energy over the last ten years:

“ In the U.S., a new solar project was installed every three minutes in 2014, and jobs in the solar industry rose from 15,000 employees in 2005 to nearly 174,000 today. This substantial growth is in large part thanks to the Energy Policy Act of 2005’s 30 percent Investment Tax Credit (ITC) for commercial and residential solar energy systems. In 2007, after only one year of implementation, the ITC led to the doubling of installed solar electric capacity. In 2008, Congress passed an eight-year extension of the ITC, allowing solar to become the fastest growing energy source in the U.S. Solar has also become much more affordable: The average installed cost per watt has dropped from around \$7.50 in 2009 to \$2.89 in 2013. After December 2016, the ITC solar credit will drop to 30 percent to 10 percent and the residential credit will drop to zero—unless Congress extends this deadline.

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The question today is whether the industry can stay hot without the benefit of the 30 percent Investment Tax Credit. Installed costs have decreased and the majority of the states have contributed to the financial structuring through passage of Renewable Portfolio Standards that create Renewable Energy Credits. Still,

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if the decrease in wind investment following the expiration of the wind ITC last year is any indication, the expiration of the ITC will likely create a headwind for solar.

Jacksonville, Florida is one of many locations that is attempting to create its own positive momentum as ITC expiration approaches. The resident municipal power company, JEA (formerly Jacksonville Electric Authority), is committed to renewable energy. It receives 12.6-megawatts of energy from a 100-acre solar project on the Westside that contains 200,000 solar panels, a project was done in partnership with Public Service Enterprise Group (“PSEG”).

“JEA made a commitment to pursue renewable, clean energy in 1999, at a time when going green wasn’t a trend,” said Jim Dickenson, JEA Managing Director and CEO. “This partnership with PSEG allows JEA to further its commitment and to gain first-hand knowledge about solar energy from a utility-scale facility.”

Recently, JEA issued a RFP as it hopes to purchase up to 38 MWs of solar energy by the end of 2016. JEA would then offer a new solar product to its customers.

If Congress extends the ITC, solar is poised to become a real alternative power source for the U.S. However, if Congress fails to act, it will take efforts like JEA’s to maintain solar’s momentum.



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Team member bio