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## Sunny outlook for solar industry

### Bailout package offers incentives to install systems

By Mike Lee  
STAFF WRITER

When solar consultant Van Parseghian worked his sales booth at the Costco in Poway the first weekend of October, he wasn't ready for the crowd that formed. He booked 27 in-home consultations — about three times the norm.

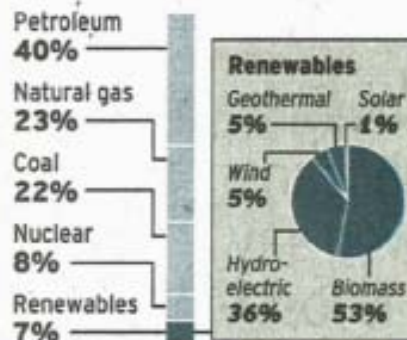
Parseghian, an employee of REC Solar Inc. of San Luis Obispo, said many shoppers signed up when he told them about the \$700 billion bailout plan that Congress approved that Friday.

The law includes financial incentives for installing solar power systems that are far richer than the former tax credit program and will last for an unprecedented eight years. Some energy experts cheered the expanded tax credits as the biggest boost for the industry since the development of the solar cell.



Don Fonseca with REC Solar Inc. loaded panels onto a truck at the company's warehouse in San Diego. Eduardo Contreras / Union-Tribune

### U.S. ENERGY SUPPLY 2007



SOURCE: Energy Information Administration

SHAFFER GRUBB / Union-Tribune

### DETAILS

#### Solar Power International

**What:** Weeklong conference that's expected to draw about 425 exhibitors and participants from 70 countries

**When:** Today through Friday

**Where:** San Diego Convention Center

**Admission:** The public is invited to a free open house from 5:30 to 8:30 p.m. Wednesday

**Online:** [solarpowerconference.com](http://solarpowerconference.com)

#### San Diego Solar Energy Week

**What:** Countywide series of events, including tours of solar-friendly homes and businesses.

**When:** Through Saturday

**Online:** [solarenergyweek.org](http://solarenergyweek.org)

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## ► SOLAR

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### New law called 'tremendous win' for the industry

"I basically got goose bumps," Parseghian said. "I said, 'Guess what? Solar just got dirt cheap.'"

Even with the global financial crisis, industry analysts predict the solar market will expand dramatically in the next decade and generate hundreds of thousands of "greentech" jobs nationwide. The growth will be fueled by government mandates for utilities to use low-polluting sources of energy by innovative financing for buying solar power systems and by a projected boom in the availability of solar panels.

The congressional package for solar projects consists of several elements that kicked in immediately or will take effect Jan. 1. It provides a 30 percent tax credit for residential and commercial solar installations and cancels the existing \$2,000 tax-credit cap for residential projects.

The legislation also removes a ban against utilities taking advantage of the tax credit, and it allows people who must pay the alternative minimum tax — middle- and upper-class Americans — to take the credit as well.

Solar power accounts for less than one-tenth of 1 percent of the nation's energy supply, far less than the electricity generated by wind and geothermal sources. California produces the vast majority of solar power in the United States and probably will remain the leader for the foreseeable future.

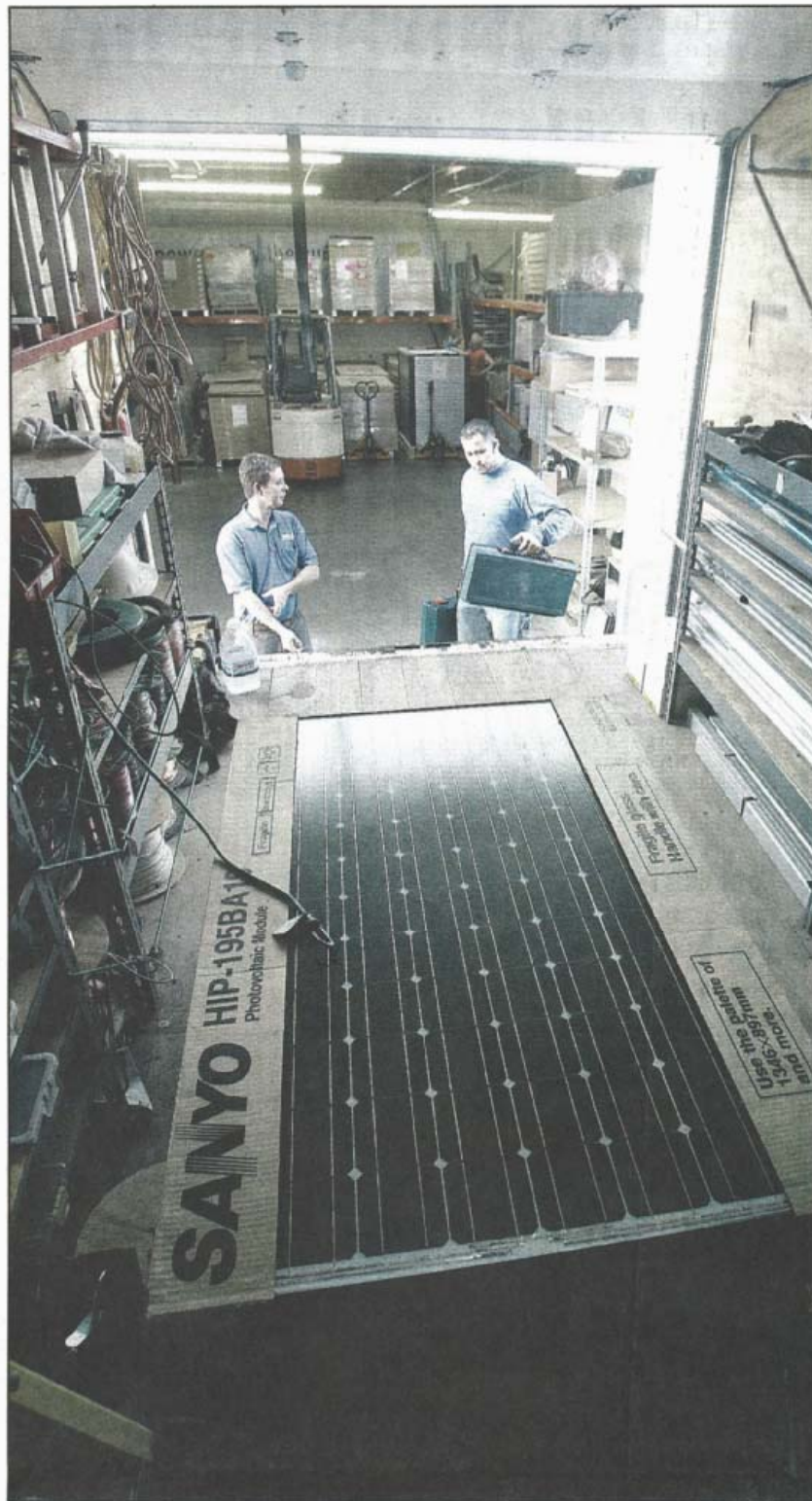
The solar industry's euphoria will be on display starting today, when more than 15,000 solar experts and enthusiasts gather in downtown San Diego for the nation's largest conference about solar energy. Organizers of Solar Power International expect a late surge of participants from around the world who are enticed by U.S. investment in solar power.

"In our lifetimes, the solar industry growth has infinite potential," said Lyndon Rive, CEO of SolarCity, a large installation company based in Foster City.

Despite the optimism, there are barriers such as the consumer credit crunch, the lack of power lines to transmit solar energy and disputes over where solar devices should be located.

Some environmentalists oppose massive solar projects in the California desert, arguing that they destroy too much wildlife habitat. They want solar panels to be concentrated in urban areas, partly to reduce the need for long-distance transmission lines in the backcountry.

Solar companies also face many of the same pressures as other businesses buffeted by the economic downturn, said



Jim Huderberg (left) and Freddy Sandoval of REC Solar Inc. prepared for an installation job last week at the company's warehouse in San Diego. Eduardo Contreras / Union-Tribune

Rhone Resch, president of the Solar Energy Industries Association in Washington, D.C. He foresees tighter access to capital and thus more difficulty building solar manufacturing plants.

Nonetheless, Resch is bullish about the industry's future. He said the new tax credits could help make the United States the world's largest solar market. It now ranks fourth after Germany, Japan and Spain.

"What Congress has just done is to ensure that the solar industry will be an economic

engine in the U.S.," Resch said. "It's going to put back to work people let go by the housing industry."

Solar companies generally hire people knowledgeable about plumbing, roofing and other trades to do installation projects. Officials for such firms in California said solar installers typically earn about \$20 per hour and receive full benefits.

Federal tax credits for the solar industry will spur about 276,000 new jobs by 2016, more than half of them in California, according to a September study

by Navigant Consulting Inc. of Burlington, Mass. The actual figure may be higher because Congress' final legislation authorized bigger incentives than the study anticipated.

The new law also includes incentives for other sources of renewable energy, including wind farms, but they are not as generous.

"There is no doubt it is a tremendous win for solar," said Mark Barnett, co-chairman of the renewable energy group at Foley Hoag LLP, a business law firm in Boston.

For years, solar power has mustered limited appeal because of its cost. A residential photovoltaic system easily can cost more than \$25,000.

For utility companies, other energy sources — even renewable ones such as hydropower — have provided lower-cost power. But the dynamics are changing.

Many of the best wind-power-generation sites are taken, and it's difficult to obtain environmental permits for new hydropower dams and nuclear plants. Conventional power sources such as coal are becoming less popular because of laws in California and elsewhere that require lower emissions of greenhouse gases.

At the same time, energy experts said, prices for photovoltaic systems will go down because production of solar panels will be ramped up in the next few years. Also, a new generation of solar technologies is drawing interest from major utilities such as San Diego Gas & Electric Co. The company has agreed to buy power that would be generated by a proposed facility with 30,000 "solar dishes" near El Centro.

That project, pitched by Phoenix-based Stirling Energy Systems, would provide enough electricity for about 500,000 homes. Stirling's leaders hope to start operating the solar complex in 2010.

As Stirling develops its large-scale vision, other companies and public agencies have focused on making small-scale solar systems more affordable for homeowners.

Berkeley, for example, will be one of the first U.S. cities to help arrange financing for residential photovoltaic systems. By year's end, it will allow homeowners to pay for them over 20 years on their property tax bills.

"Everybody is talking about it ... and I am confident that other (cities) will follow," said Julia Hamm, executive director of Solar Electric Power Association, an industry group in Washington, D.C.

Some companies are installing solar panels on homes and businesses at little or no upfront cost and then selling the electricity generated by those systems to the occupants. The providers said such arrangements allow people to pay less per month than they would to their local utilities.

In addition, the California Solar Initiative offers rebates to homeowners who install solar devices.

One of the people who plan to take advantage of state and federal incentives next year is Jim Nadal of Fallbrook, a commercial real estate broker. He was undecided about buying a photovoltaic system before Parseghian told him about the bigger federal tax benefits.

"I didn't see a phenomenal return for me under the old program," Nadal said. "Now it makes more economic sense."

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