



Setting THE record straight

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Solar industry's call for more government intervention hurts consumers

The current debate over legislation (H.B. 1580) that attempts to prop up the solar market by providing price support to the declining solar energy credit market again raises a legitimate question – at what point is the industry required to stand on its own?

The PA Chamber believes that abundant and affordable energy is critical for Pennsylvania's job creators and energy consumers, and supports all energy sources. At the same time, the Commonwealth must take reasonable steps to ensure adequate supplies at affordable prices in the future. However, it has consistently been the PA Chamber's view that, in doing so, the Commonwealth should steer clear of government mandated energy requirements, and that promoting competition in the energy sector will best benefit energy consumers.

Solar subsidies force need to ask for more help

The 2004 Alternative Energy Portfolio Standards Act – which the PA Chamber opposed because it picked winners and losers in the energy market – mandated a market share for solar energy, making it the only energy source with a guaranteed market in the state. Additionally, the 2008 Alternative Energy Investment Act provided nearly \$200 million in taxpayer funded grants, rebates and loans to support solar projects. The industry has also benefitted from millions of federal stimulus dollars. This subsidy ultimately resulted in a significant decrease in the price of solar energy credits. The industry is now seeking more government intervention in order to protect investors in existing solar projects, but at too high a price to business and individual energy consumers.

Some energy industry experts expect the total three-year cost of the bill – which would accelerate AEPS' solar requirements for years 2012-15 and would require electric generation and distribution companies to purchase credits from in-state solar power providers only – to be more than \$416 million. And the in-state provider requirement is troubling because it could lead to a volatile and, again, reduced-value SRECS market, which would also increase the cost of renewable energy.

Protections for solar investors comes at expense of consumers

The end result is that H.B. 1580 would temporarily insulate the solar industry from a failing credit market while adversely impacting all ratepayers and hurting energy intensive businesses, for which access to affordable energy is crucial to remain viable and competitive in today's unpredictable economy.

It's worth noting that a similar debate is taking place in New Jersey, which prompted that state's public advocate for utility customers to tell lawmakers there that public support for the industry has "morphed from helping jump-start the industry to supporting the industry for the next 20 years. And that was not the deal."

That should not be the deal for Pennsylvania's energy consumers either.

The inclination to again provide cover to an industry that to this point has not been able to offer meaningful return to investors and that consistently requires additional support to maintain is not wise energy policy.

Solar energy is an important part of an overall energy mix that includes traditional and renewable sources. But taxpayers should not be expected to foot the bill for a specific energy sector that must be able to compete and thrive on its own. For this reason, the PA Chamber urges lawmakers to reject H.B. 1580.

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The Pennsylvania Chamber of Business and Industry is the state's largest broad-based business association, with its membership representing nearly 50 percent of the private workforce. More information is available on the Chamber's website at www.pachamber.org

