

UPDATE ON SOLAR INCENTIVE PROGRAMS

By: Keith Peltzman, President, Independence Solar

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The US solar industry has doubled in just the last 3.5 years and now powers the equivalent of over 18 million homes. In Q1 58% of all new electric capacity was solar energy. The policy supports for solar still vary by state and are constantly evolving. If you are considering solar energy for your commercial property, it is critical to stay ahead of new incentives. In many cases, local subsidies are reserved as soon as a new program is released. For example, there were 5 times the number of applications for the New Jersey Community Solar program as compared to the available capacity during the last round held in February 2021.

To help provide foresight into new solar programs and deadlines, below is a summary:

1. NJ Solar TREC Program: Aug 27, 2021
2. NJ Community Solar: Feb 2022
3. Federal Policy: Infrastructure Bill TBD
4. PA: 2022
5. EV Chargers: Tenants Demanding Soon



Bi-facial solar panels absorb reflected sunlight on the underside of solar panels increasing energy yields

1. NJ Solar: Aug 27 Deadline for TREC Program

NJ has been preparing to end the current solar incentive program since 2018. The NJ Clean Energy Program has indicated that the existing solar TREC program will finally end on Aug 27, 2021 and the new Successor Solar Incentive (or, "SUSI") will be implemented. The implications are significant - many solar supports will fall by 50%. This means that a typical solar project (\$1.0 million investment) would lose \$55,000 income every year (or, \$800,000 over 15 years). If you have any interest in solar, we strongly urge you to submit your application before this upcoming Aug 27 deadline. There is no obligation and the requirements for the application are minimal.

2. NJ Community Solar: Feb 2022 Deadline

The NJ Community Solar program avoids some of the common conflicts of interest between commercial landlords and tenants. Under Community Solar, the solar electricity is directed off the roof onto the utility grid with no interaction between the building and the underlying user or tenant. The economics for this program will continue to be strong under the post Aug 27 Successor Program (SUSI). The Community Solar application requires significant preparation and should be started in order to meet the February 2022 deadline. Note that this program prioritizes solar installations located on rooftops, landfills and brownfields over farmland.

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3. Federal Policy: Infrastructure Bill Soon

On July 13, Senate leaders announced a \$3.5 trillion infrastructure package. This will include some programs for renewable energy, but details have yet to emerge. Possible supports include a national renewable energy requirement for utilities and a return of the Federal Investment Tax Credit (ITC) from 26% to 30%. The current schedule reduces this tax credit to 10% at the end of 2023. In addition, there are rumors that the tax credit might be converted into a direct payment (check) from the US Treasury.

4. PA: TBD, Likely in 2022

Pennsylvania saw five different solar-related bills proposed in early 2021. The legislature is now in summer recess and we anticipate that some form of consolidated solar policy will emerge in late 2021 or early 2022. The PA SREC currently trades near \$40. Although incentive levels in PA may not match NJ, well-designed solar projects are feasible.

5. EV Chargers: Tenants Demanding

Electric vehicles (EV's) have quickly moved from novelty to mainstream. Independence Solar is now installing EV charging stations alongside most of our solar installations. At some point, it will not be an issue of 'if', but 'when' commercial building owners will need to equip their buildings with EV charging stations. Tenants will begin to require this amenity and buildings that do not offer this will be at a disadvantage.

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ABOUT US



Keith Peltzman is president and founder of Independence Solar with offices in Cherry Hill, NJ and Boston, MA.

Independence Solar is a turnkey installer of commercial solar energy. Since 2007, the team has developed and built over \$200 million of solar projects, including the largest rooftop solar array (9 MW) in North America at the Gloucester Marine Terminal in NJ. Independence Solar forges long-term partnerships to maximize returns on our customers' solar energy investments.

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