

SOLAR ENERGY TRENDS FOR 2022

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In 2022, solar and renewable energy continue to make inroads. Renewable energy's share of US electricity generation is expected to rise to 22%, while natural gas will be at 35%, and coal will fall to 23%. (EIA projections for 2022). The war in Ukraine has sharpened the focus on domestic energy security and independence, furthering demand for renewable energy.

Locally, there is still much support for renewable energy, but solar policy is constantly evolving. The feasibility and timeline of a solar project depends on several moving factors, including 1) incentive programs, 2) utility interconnection, 3) tax benefits, and 4) availability and pricing of solar panels and related materials. The window of opportunity for development often opens and closes quickly and is challenging to time perfectly. Therefore, we strongly recommend that our clients have their potential projects "pre-approved" and ready for construction - so as to be prepared when these market forces do align.



Some key current trends driving commercial solar energy in 2022 are:

1. Rising Electricity Prices
2. NJ Community Solar: Open Enrollment
3. Auxin Solar Tariff Complaint to Department of Commerce

1. Rising Electricity Prices

A combination of supply chain shortages, inflation, and the war in Ukraine are contributing to a sharp increase in electricity prices. Many large electric users are considering their procurement and pricing strategies. Solar energy creates a long-term hedge against rising electricity costs by removing exposure to ongoing electric purchases. In addition, as the cost of electricity increases, solar is now more attractive in states where the return on solar investment had been borderline - including Pennsylvania, Delaware, and Maryland.

2. NJ Community Solar: Open Enrollment

New Jersey has completed its two pilot programs for Community Solar and will move to an ongoing and open enrollment program. Under Community Solar, the solar-generated electricity is routed directly to the grid. There is no interaction with an underlying building or tenant. A landlord can benefit by simply leasing their rooftop or land for solar panels and can generate significant incremental income.

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In the past, buildings with minimal electrical usage would not have been candidates for solar energy. Under the new Community Solar program, even vacant buildings can capture the benefits of energy from the sun. Please contact Independence Solar for a quote on rental rates.

3. Auxin Solar Tariff Complaint to Department of Commerce

The US Department of Commerce agreed to hear a circumvention complaint filed by Auxin Solar, a small US solar panel manufacturer, against solar panels imported from four Southeast Asian countries (Thailand, Vietnam, Cambodia, and Malaysia). Although the Commerce Department dismissed a similar petition in November 2021, they surprisingly agreed to hear this complaint. This complaint allowed for the possibility of tariffs ranging from 25% to 250%. Since 80% of all solar panels used in the US originate from these countries, the mere possibility of these potential tariffs has created uncertainty around supply and pricing. The Department of Commerce is scheduled to issue some guidance by August 2022.

As always, the market for commercial solar energy is constantly evolving and requires an educated partner with in-depth expertise. Independence Solar recommends continuing to develop your potential solar projects towards a pre-approved state. By the time market factors align, it can be too late to start from scratch on a development timeline.

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ABOUT US



Keith Peltzman is President and Founder of Independence Solar with offices in Cherry Hill, NJ, Swarthmore, PA, Essex, CT, and Worcester, MA.

Independence Solar is a turnkey developer and installer of commercial solar energy. Since 2007, our team has developed and built almost 100 solar projects valued at \$250 million, including one of the top ten largest rooftop solar arrays in the US (10.1 MW). Independence Solar forges long-term partnerships with our clients by offering the complete suite of solar services - including development, financing, installation, and ongoing maintenance. We operate multiple offices throughout the East Coast to better service our clients with local in-market presence and expertise.

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