

Growing the Solar Industry in Texas

ISSUE SUMMARY:

There is massive untapped potential for the solar industry in Texas. Despite the fact that Texas has the most solar resources in the US, we ranked only 13th among states in solar energy production in 2009.

Texas does not need to create *permanent* incentives for the solar industry, **but some temporary, declining incentives are required** to spur the market and build a solar industry in Texas. Consumer rebates have proven to be one effective type of incentive for solar industry growth.

Last Session, SB 545 would have established a statewide solar generation rebate program, overseen by the Public Utility Commission (PUC) and funded through charges on consumers' electric bills (e.g., 20 cents per month for a residential customer). The incentives would have expired after five years, and the amount of the rebates automatically declined each year.

SB 545 passed the Senate unanimously and made it to the House Major State Calendar, but was never voted on due to unrelated legislative delays.

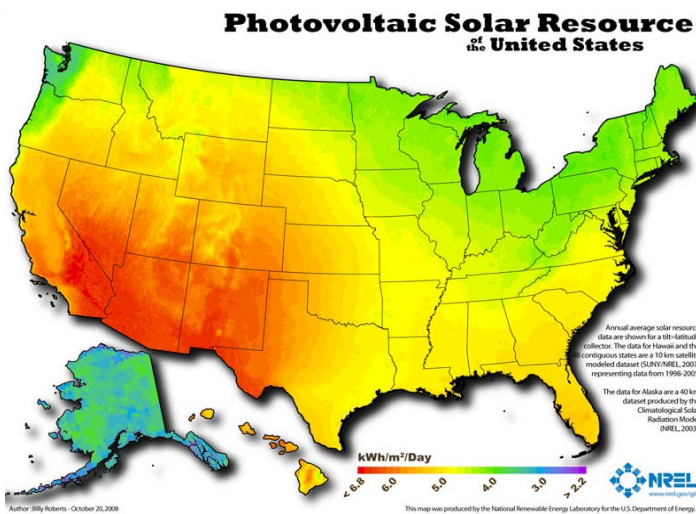
Fortunately, the Legislature can revisit the issue this year to ensure Texas has appropriate solar incentives in place to capture its share of this rapidly growing industry.

KEY POLICY CONSIDERATIONS:

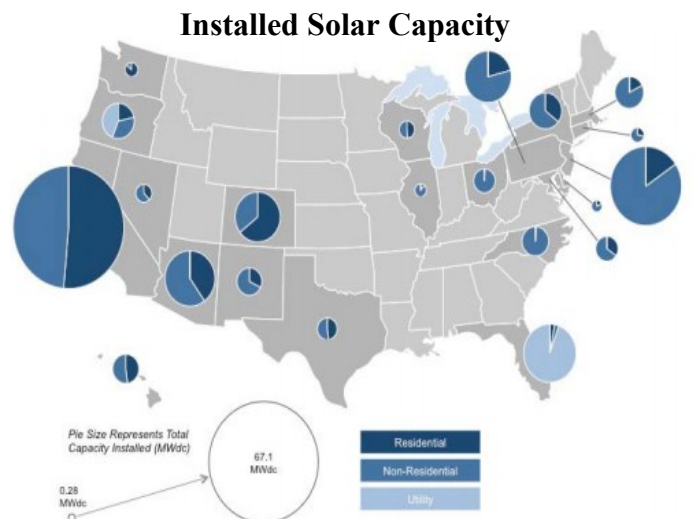
- The appropriate amount and duration of the rebates needs to be determined.
- Rebates could be structured to decline over time automatically or through a market process.
- Solar rebates work well with other policies, such as Renewable Portfolio Standards and tax incentives, to stimulate a robust market.
- Other policies may be necessary to incentivize solar, such as removal of homeowner association restrictions, third party ownership clarifications, and net metering.

Everything's Bigger in Texas Except...

Despite having the most solar resources in the US, Texas is not even close to being among the leaders in installed solar capacity



Source: National Renewable Energy Laboratory



Source: Solar Energy Industries Association

TALKING POINTS:

- The solar industry is one of the fastest growing industries; Texas should get its share of this economic development opportunity by having strategic incentives in place.
- Texas does not need permanent solar incentives, **but some temporary, declining incentives are essential** to spur the market and develop the solar industry in Texas.
- A national poll conducted in January 2011 found 83% support “for an energy bill that uses incentives to support solar...”
- A Texas poll conducted in December 2010 found 68% of Texas residents support an extra \$1.00 on their monthly home electric bill to create clean energy jobs in Texas.
- Solar installation jobs cannot be outsourced. There are currently an estimated 6,400 solar related jobs in Texas within 170 companies.

OPPONENTS SAY:

- *I prefer a Renewable Portfolio Standard (RPS) to a solar rebate.”*

RESPONSE: There is no reason Texas must choose between rebates and an improved RPS. Most states which are leaders on solar power have both.

- *“Incentives aren’t needed. Let the market work.”*

RESPONSE: Traditional sources of energy have received incentives for decades, so there is not a level playing field for new entrants and emerging technologies. Strategic, limited, and declining incentives will give the market a nudge which will greatly increase solar installations in the State.

- *“The State should not subsidize renewable energy.”*

RESPONSE: Every source of energy receives subsidies. If enacted, a solar incentive could be structured to decline automatically, unlike most other energy subsidies in Texas.

BACKGROUND AND HISTORY:

The price of solar has dropped more than 30% in the last five years and continues to drop. With a small, declining incentive, solar energy could achieve significant growth in Texas.

As of December 2010, 24 states have rebates for solar projects. Texas lags behind many states that are much smaller in size in total installed capacity of solar power because of this complete lack of state rebates.

According to the latest tallies, Texas ranks 13th in installed solar, despite one of the best solar resources in the nation.

RESOURCES AND CITATIONS:

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