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RENEWED ENERGY: Solar Seeks Special Place in Climate Bill

By Siobhan Hughes

WASHINGTON (Dow Jones)--The solar industry, the smallest part of the U.S. renewable-energy sector, is seeking to boost its position through legislation being pushed in the U.S. Congress.

The industry's trade group, the Solar Energy Industries Association, or SEIA, wants Congress to carve out a special place for solar power if the government mandates that a certain amount of electricity come from renewable sources. Companies such as First Solar Inc. (FSLR) are also hoping for a share of the revenue that would be produced if companies were forced to buy allowances for emitting global-warming gases into the atmosphere.

"There are proposals on the table to invest revenues that might be generated from a cap-and-trade system or from an allocation system into renewable energy," Dennis Fitzgibbons, who recently became First Solar's first in-house Washington lobbyist after serving as a chief of staff on the House Energy and Commerce Committee, said in an interview earlier this month. "How that might be done is a matter of interest."

The issue is heating up as new House Energy and Commerce Committee Chairman Henry Waxman, D-Calif., aims to pass a climate-change bill out of the committee by the end of May. While the biggest debate has been over how to prevent the bill from disproportionately harming some regions of the country, scores of other discussions are going on behind the scenes in ways that could benefit individual industries, including solar.

For years, the solar industry has lagged behind wind, because solar panels are relatively expensive. In 2007, solar energy accounted for just 1% of total renewable energy consumption, while wind accounted for 5%.

While state and federal tax incentives have helped, national climate-change legislation holds the potential to put the solar industry on better footing. Under a plan being pushed by Rep. Jay Inslee, D-Wash., utilities would be required to buy electricity from renewable-energy producers at rates above their cost of production. The expense associated with more costly solar energy would be mitigated by handing out to utilities pollution allowances that would be required to buy the electricity.

"What we're talking to the committee about is potentially distributing some permits to utilities for use in funding these guaranteed contracts," Inslee said in a recent brief interview. "It's more needed on the more cutting-edge technologies that have yet to

reach a certain market maturity," he said, citing advanced solar photovoltaic and concentrated solar technologies, among others.

The solar industry is also hoping to benefit from a measure that would require as much as 25% of electricity come from renewable sources by 2025. Because of solar energy's expense, a such a policy would tend to bring the most benefit to energies such as wind, unless a special place is carved out for solar.

The SEIA is asking that Congress require 20% of the mandated renewable energy be reserved for distributed generation - an alternative to the big, centralized power plants. As a practical matter, that could lead to solar panels sprouting up in places such as parking lots and rooftops, rather than forming the basis for big generating facilities operated by utilities.

While that would pose a threat to the utility industry's business model, some people see an advantage: less need to seize private land to build transmission lines.

"I think distributed generation is going to take off much faster than people think," said John Berger, the chief executive of Standard Renewable Energy, a Houston company that offers residential solar-panel installation service.

"I've been around the legal issues of siting," he said. "It's been a problem for 25 years in terms of building out the transmission distribution system. I just don't see how that's going to change. Can you imagine what it's going to be like when the Obama administration comes in and seizes a bunch of right-wing ranchers' lands?"

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