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Business

Solar power

Looking for ray of sunshine

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A solar power system for a 2,100-square-foot house costs about $25,500, by some estimates. Solar proponents say lowering homeowners' out-of-pocket costs to around $10,000 could trigger a boom in for the solar industry in Texas.

Ten years ago few would have predicted Texas would be the top wind energy producing state in the country and among the top producers in the world.

But a 1999 law setting renewable energy goals for the state's electric industry paved the way for millions of dollars in investments, thousands of jobs and thousands of turbines spinning in West Texas.

Now solar advocates say the right legislation could do the wind industry's success one better.

One approach, incentives to install solar panels on homes and businesses, could be the catalyst for a homegrown industry of system installers and panel manufacturers, they say. Those manufacturers also could benefit from close proximity to an existing link in the solar supply chain — the single largest manufacturer of high quality polysilicon used in semiconductor chips and solar panels, which is located in Pasadena on the Houston Ship Channel.

"Really you want to develop a sustainable industry that does not require incentives," said Steve Chadima, vice president of internal affairs for SunTech Power, a Chinese solar panel manufacturer that is eyeing Texas as a possible plant site. "You don't want to live on the dole forever. But you need to jump-start the industry for it to develop along all the sectors."

As legislative deadlines approached late Tuesday, advocates were closely watching a bill that would give out $500 million in rebates over the next five years to businesses and homeowners who install solar panels. Money for the rebates would be raised through monthly fees on electric bills—about 20 cents for residential customers, $2 for small businesses and $20 for industries.

The law would also require retail electric companies to buy a customer's surplus electricity at a fair market price or credit the customer's bill an**d** provide incentives for commercial-scale solar installations.

The bill's fate was uncertain, and its supporters in the legislature and the solar industry fear that if it doesn't pass the Legislature this year, other states that offer incentives will get a leg up on Texas in developing new solar business.

No Houston incentive

An installed residential solar system for a 2,100-square-foot home costs about $25,500, according to Houston-based Standard Renewable Energy. Existing federal incentives would knock about $7,650 off the price. In Austin, residents can get another $13,500 in incentives, in Dallas about $7,900, but Houston offers no such advantages.

A statewide incentive lowering the cost of a residential system to around $10,000 would significantly increase the number of systems installed in Texas, said Harry Flemming, CEO of Houston-based Lonestar Capital, which owns one of the largest solar system installers in the country.

"Virtually overnight Texas would become the second-largest market for solar behind California," with a good chance of catching up, Flemming said. "There wouldn't be enough installers in the state to keep up with demand."

Rebates to lower the cost of commercial-scale solar installations, such as a 30 megawatt project that is being built outside Austin for that town's municipal utility, would help encourage manufacturing plants, said Kari Smith, director of public policy at SunPower, a San Jose, Calif.-based solar panel manufacturer that makes the panels overseas and is considering a U.S. facility.

The Austin area is also home to many semiconductor plants, including recently vacated ones, which have the necessary clean rooms for solar panel manufacturing and assembly.

"It's a pretty natural transition for Texas' high tech industry," Smith said.

Solar-wind pairing

Solar could also help offset one of wind power's biggest weaknesses — output from wind turbines tends to be its lowest in the afternoon, when power demand is at it peak, and highest in the evening, when demand is low. Solar's effective times are the opposite, so solar panels could be located alongside wind farms, as SunTech is already doing in Washington state.

Chadima said locating them next to the many West Texas wind farms would also take advantage of the billions of dollars in power transmission lines being built to connect those sparsely populated areas with the state's cities.

The anchor for this envisioned Texas solar industry is already in place — MEMC's polysilicon manufacturing facility in Pasadena, which supplies the basic material used in semiconductor chips and solar panels worldwide.

"Texas has a terrific amount of sunlight as well as railroads, ports, skilled workers, a good infrastructure base and lots of rooftops," said Bill Michalek, director of investor relations of MEMC. "It has the elements for a strong solar market."

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