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Solar Leaders Applaud New PV Cost Study that Shows Government Policies Reduce Installed Costs, Expand U.S. Solar Market

Washington, D.C. – Today researchers at Lawrence Berkeley National Lab released "Tracking the Sun II: The Installed Cost of Photovoltaics in the U.S. from 1998–2008." The new report found that the average cost of going solar in the U.S. declined by more than 30 percent from 1998 to 2008, a trend that can be largely attributed to the success of market-building policies at the state and local level. Findings also show that, after a three-year plateau, costs decreased by 3.6 percent from 2007 to 2008, marking a pivotal year for the American solar industry. The full report may be downloaded at http://eetd.lbl.gov/ea/emp/re-pubs.html.

Solar advocates from the Vote Solar Initiative, the Solar Alliance and the Solar Energy Industries Association issued the following statements in response to the report.

"The bottom line is that affordable solar is no longer a vision for the future, it's very much here now, ready to be a significant part of our nation's energy mix," said Adam Browning, executive director of the Vote Solar Initiative, a national grassroots organization focused on bringing solar energy into the mainstream. "This all means there has never been a better time for energy customers to go solar or for our government leaders to invest in building a new solar economy."

"This report confirms that as a policy investment, solar is one of the best values for the American taxpayer," said Rhone Resch, president and CEO of the Solar Energy Industries Association, the industry's national trade association based in Washington, D.C. "This year we've already seen solar PV panel prices drop another 17 percent. Congress must prioritize the use of solar in the current energy bill, which will stimulate further investments in manufacturing and installation of solar equipment. This in turn will create good-paying jobs, while bringing the cost of solar in line with traditional sources allowing more consumers to go solar now."

"Smart solar policies are intended to build self-sustaining, strong markets that drive installed costs down. Berkeley Lab once again shows that these policies can and do work. In states like California and New Jersey that have committed to supporting renewables, solar energy has in fact become more accessible for consumers and created strong local green economies," said Carrie Cullen Hitt, president of the Solar Alliance, a state-focused alliance of the solar industry.

"Tracking in the Sun" is the most comprehensive cost analysis of grid-connected photovoltaic systems in the U.S. This second edition analyzes data from more than 52,000 residential and non-residential PV systems that were installed between 1998 and 2008. In 2008, the U.S. solar market experienced record growth, nearly doubling the amount of grid-connected PV installed annually. Key findings of "Tracking the Sun II" include:

- Average installed costs as paid by the system owner prior to receipt of any incentives, declined from $10.80 per watt (W) in 1998 to $7.5/W in 2008, equivalent to an average annual reduction of $0.3/W, or 3.6 percent per year in real 2008 dollars.
- The primary driver over that 10-year period was a reduction in non-module costs such as the cost of labor, marketing, overhead, inverters, and the balance of systems.
- In contrast, the decline in costs from $7.8/W in 2007 to $7.5/W in 2008 is primarily attributable to wholesale module costs, which decreased by approximately $0.5/W over this period.
- PV installations benefit from significant economies of scale, suggesting support for larger systems and larger markets drives down costs.
- The installed cost of solar varies widely by state with low costs found in Arizona, California, and New Jersey, an indicator that more mature markets driven by strong incentives help reduce the cost of solar.
- Total after-tax incentives from federal, state and local governments also declined from 2007 to 2008; the decreased incentives outpaced the drop in installed costs leading to a slight rise in the *net* installed cost of both residential and commercial systems.

Though the report only analyzes trends through the end of 2008, the continued decline of module prices and improved federal incentives for solar energy in 2009 mean there has never been a better time for Americans to go solar.

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About the Vote Solar Initiative:
Vote Solar is a non-profit grassroots organization working to fight climate change and foster economic opportunity by bringing solar energy into the mainstream. Since 2002 Vote Solar has engaged in state, local and federal advocacy campaigns to remove regulatory barriers and implement the key policies needed to bring solar to scale. www.votesolar.org

About SEIA:
Established in 1974, the Solar Energy Industries Association is the national trade association of solar energy industry. As the voice of the industry, SEIA works to make solar a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry and educating the public on the benefits of solar energy. Learn more at www.seia.org.

About the Solar Alliance:
The Solar Alliance is a state-focused association of solar equipment manufacturers, integrators, integrators, and financiers specifically working with state administrators, legislators and utilities to establish cost-effective solar policies and programs. www.solaralliance.org

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