



# An Open Letter to the U.S. Solar Industry

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Dear U.S. Solar Industry:

Solar Power International 2016 is fast approaching. This year is a study in contrasts. On one hand, it will be the largest solar show in America as our industry continues to grow. On the other hand, the show is in Nevada, a state where local policy makers have made poor decisions regarding distributed solar deployment. And, ironically, we owe two Nevadans—U.S. Senators Reid and Heller—a special thank you and continued support because they are the champions who helped win the solar investment tax credit (ITC) extension last year by working alongside SEIA and you.

Through it all, one element is constant. For more than forty years, SEIA has been there for you as the voice of the solar industry, fighting for your rights, for your businesses, for solar. Whether you are a small distributed rooftop provider in Maine, a large-scale EPC in California, or a manufacturer in Georgia, SEIA represents you and your interests.

The contradictions in Nevada are representative of the complex new era solar is entering. As the fastest-growing new source of energy, which will double its installations in the next two years, solar has moved from being a niche energy technology to a mainstream one. This transition brings new policy opportunities and challenges for the U.S. solar industry and its national association, SEIA.

The ITC was one policy, in one venue, with one decision-making process and one massive payoff. Our current policy opportunities and threats are vastly different. The Clean Power Plan, Renewable Portfolio Standards, transmission access, grid-scale storage technical issues, FASB accounting rules, net metering, consumer protection, and retail rate redesign all can either create or destroy value for our industry. SEIA is engaged in every one of them on your behalf. Unlike the ITC, today's policy opportunities and threats are diffuse, in multiple venues, and have many decision makers and processes. This is a networked policy environment with complex challenges.

In this networked policy environment old definitions – which draw distinctions based on jurisdiction or customer type served – fail us. For example, the Clean Power Plan is a federal policy being implemented in the states; it creates opportunities for both utility scale and distributed generation. Similarly, rate design and net metering are policy fights that are symptoms of larger questions: “What is the right utility business model for the future? Will it remain a cost-plus monopoly compensated for commodity sales and infrastructure investments, or will it transition to a networked model compensated for infrastructure investment and value-added services?” The Clean Power Plan, net metering, and changing utility business model are policy opportunities and threats that are connected. Interconnected policies mean that even if your company only does one thing in the solar value chain for one customer type, then your success is still affected by the success of everyone else in solar.

While solar companies' policy interests are more connected, many companies' business models are converging, too. For example:

- Traditional utility-scale players are doing more distributed commercial and community solar business;
- Predominantly residential solar companies are selling grid services to utilities;
- Manufacturers are in the finance business; and
- Finance companies are in the logistics and/or hardware business.

Converging business models mean that companies across the solar industry have more common interests and more reasons to co-invest in policy success. The solar business model changes happening now are only the most recent twists in our industry's evolution - an evolution that happens faster than other industries because we are growing faster. Supporting policies that create new business opportunities across the industry 'buys' real options for our companies. Buying options is the effective way to manage the volatility of the "solar coaster" and to maximize long-term equity value for your company.

If we were a mature and fragmented industry (i.e. one with low growth and high penetration rates), then it would be difficult to have one national solar industry association because factions would fight over carving up a fixed pie (i.e. win-lose or lose-lose). By contrast, solar today and for the foreseeable future will be a growth industry with low penetration and huge market potential. That means solar companies should pursue integrative (i.e. win-win) policies that support our entire industry's success.

Independent of business model, technology type, position in the value-chain, or customer-type served, the solar industry and our individual companies will grow faster and more profitably when we work together to achieve SEIA priorities, which are advocating for government policies and taking actions that:

1. Increase the availability and reduce the cost of financing for solar;
2. Maintain and expand markets for solar; and
3. Develop a long-term plan for grid integration so that solar grows to become one of the top energy sources in America.

Every day the SEIA staff, in Washington and state capitals across the country, and SEIA member companies collaborate to create and defend policies that support these priorities. It counts on member dues and trade-show revenues to fund policy advocacy. In just three years, SEIA revenues have grown by 50 percent, from approximately \$8 million in 2013 to \$12 million in 2016. Membership dues – generated from companies of all sizes and types, from all parts of the U.S. solar industry – make up the majority of those revenues. Additionally, today it works closely with other organizations, such as Advanced Energy Economy, Large-Scale Solar Association, Vote Solar, and SEIA's own state affiliates, to amplify its investment in policy success.

SEIA operates in an open, democratic fashion, with discussion, debate and a variety of opinions welcomed at every level. As a member, you get out what you put in. So, if you are a SEIA member who only participates by paying dues, then consider joining a committee and/or running for elected office. The solar industry is stronger for all of the hard work so many members contribute to SEIA. If you are not a member of SEIA or you work with a solar company that is not a member, then it's time to join. Interconnected policies and intermingled economic interests give every solar company more incentive to co-invest in policy success with SEIA. This is what it means to be an industry—our fortunes rise and fall together.

Sincerely,

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