

The U.S. stimulus bill primer: implications for the solar industry

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The American Recovery and Reinvestment Act has now been passed, and there is much talk about what this will actually mean for the solar industry. The final version of the stimulus bill amounts to US\$789, which will be the government's most expansive economic rescue package since The Great Depression, even after the cuts. Will it really stimulate the solar market in the US and how can you benefit from this? *Photovoltaics International* has been following the headlines closely and has provided this round-up so that you are completely up-to-date.

When did it happen?

- 28th January** – House passes US\$819 billion version of the bill
- 10th February** – Senate passes a US\$838 billion version of the bill
- 11th February** – the House and Senate renegotiate the bill
- 13th February** – the House and Senate agree a US\$789 billion version of the bill
- 16th February** – President Obama signs the bill into law in Denver, Colorado

What does the bill include for solar?

In order to stimulate the economy and create jobs, the bill includes over US\$6 billion in loan guarantees for renewable energy projects, solar in particular. Industry representatives have estimated that the bill will create 67,000 jobs in the solar power sector this year and a total of 119,000 jobs over the next two years.

- US\$6.3 billion funding to increase energy efficiency in federal buildings – specifically, projects such as integrated solar roofs and lighting systems.
- A new 30% tax credit for equipment and facilities that manufacture renewable energy-generating materials, such as solar panels.
- US\$6 billion loan guarantee program. This should support US\$60 billion of renewables projects. Assuming 50% of the US\$60 billion loans are for renewables generation (remainder for transmission) and wind/solar receive 80% of the renewable generation investments, we estimate ~2GW solar PV capacity buying power.

- US\$11 billion for the development of “smart grid” projects, which use new technologies to create a more efficient and cost-effective energy grid.
- US\$3.5 billion state/local government grants for energy efficiency and conservation. Funds are expected to be used for a wide range of renewable projects, which also include onsite renewable energy generation projects.
- US\$3.4 billion to fund renewable energy projects of state energy offices (the solar procurement program could be included in this portion of the bill).
- US\$2.5 billion will fund energy efficiency and renewable energy research, among other energy efficiency and research projects and incentives.
- US\$500 million loan guarantees estimated to support US\$5 billion loans to implement sustainable energy infrastructure projects.



U.S. President Barack Obama signs the American Recovery and Reinvestment Act, in Denver, Colorado.

What they said:

“Because we know we can’t power America’s future on energy that’s controlled by foreign dictators, we are taking a big step down the road to energy independence and laying the groundwork for a new green energy economy that can create countless well-paying jobs.”

U.S. President Barack Obama,
after signing the American Recovery and Reinvestment Act.

“The solar provisions in the bill will allow us to begin hiring, create growth opportunities for small businesses throughout the country and keep the economic engine going.”

Rhone Resch,
President, Solar Energy Industries Association.



“The manufacturing credit is a huge step forward to put Americans to work making solar panels so we all can benefit from clean, affordable renewable energy.”

Mike Splinter,
President and CEO of Applied Materials.

“In particular, the manufacturing tax credit is an excellent first step to help generate some of the five million new green jobs President Obama has cited in his commitment to help transform our energy infrastructure from fossil fuels imported from abroad to clean energy manufactured and produced in America.”

Jeannine Sargent,
CEO, Oerlikon Solar.



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