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How Trump's election could affect SolarCity



It remains to be seen what Donald Trump's election means for the solar industry in general and SolarCity in Buffalo in particular. (Peter Macdiarmid/Getty Images file photo)

Donald Trump's election victory could put a damper on the already-slowing growth of the solar energy industry and companies like SolarCity.

While Trump said relatively little about his energy policy views during the campaign, what he did say was generally favorable to the oil and natural gas industry and skeptical of efforts to put tighter regulations on the fossil fuel industry, especially coal. He also has questioned the broadly held belief within the scientific community that humans are causing climate change.

Trump has vowed to “unleash an energy revolution that will bring vast new wealth to our country.” He also said he will “unleash America’s \$50 trillion in untapped shale, oil and natural gas reserves, plus hundreds of years in clean coal reserves.”

For the solar energy industry and SolarCity, which is preparing to begin production at what will be the Western Hemisphere's biggest solar panel factory in Buffalo next year, Trump's election raises uncertainty about the fate of the 30 percent federal investment tax credit on solar energy projects.

Trump hasn't said he will attempt to repeal the tax credit, which last year was extended through the end of 2019, but analysts believe that could be on the table. Changing or repealing the tax credit also would have to be approved by the Republican-controlled Congress.

"Trump's possible efforts to end incentives for alternative energy development would boost near-term demand for fossil fuels," said a report by analysts at S&P Global Platts. "A potential cut in the Investment Tax Credit to 10 percent from the current 30 percent would slash solar installation demand by 60 percent."

*[Trump's strong showing sends markets tumbling
(<http://buffalonews.com/2016/11/08/market-futures-rocked-clinton-trump-locked-tight-race/>)]*

Congress last year extended the solar tax credit, which had been set to expire at the end of this year, through 2019 at its current 30 percent rate. That will be followed by a phase-out period, with the credit dropping to 26 percent in 2020, 22 percent in 2021, and 10 percent in 2022.

“A Trump presidency along with a Republican-led Congress poses significant risks to a potential reduction/elimination of the 30 percent ITC,” said Angelo Zino, a CFRA Research analyst, in a research note Wednesday. “While we have had a negative tilt on solar, and see peak U.S. demand in ‘16, we think the election outcome adds uncertainty.”

Solar energy stocks took a hit following Trump’s election. SolarCity shares fell 4 percent, First Solar stock dropped 4 percent and SunPower shares tumbled 14 percent.

The solar industry lobbied hard for the extension as a way to bridge the gap until the price of solar power could decline enough, through technology improvements and economies of scale, that it could compete on cost with electricity generated from fossil fuels in more markets. The extension also helped secure the jobs of about more than 200,000 workers in the U.S. solar industry, according to The Solar Foundation.

Adam Rizzo, the president of Amherst solar energy installer Solar Liberty, thinks those 200,000 jobs will help protect the industry and its crucial tax credit.

Rizzo said he is "confident that our next president will see the benefits of solar from an employment perspective with more than 200,000 U.S. workers involved in the solar industry today and an additional 200,000 workers to be added over the next few years.

Solar is a driver for our economy and its benefits will only continue to grow over time, while also providing the United States with much needed energy independence."

But if the Trump administration were to lower the tax credit, solar power would be economically viable in fewer U.S. markets, which would further slow the industry's growth and reduce demand for companies like SolarCity.

[Schumer is now the most important Democrat in D.C.

(<http://buffalonews.com/2016/11/09/election-makes-schumer-important-democrat/>)]

Even so, state governments still will play a role in the future of the clean energy industry. Nearly 30 states have renewable electricity standards aimed at increasing the use of renewable energy. New York, for instance, has a goal of getting half of its electricity from renewable sources by 2030. It also offers its own incentives to encourage the development of solar energy through the NY Sun initiative that mainly targets larger-scale projects.

Trump has said that he supports the development of all forms of energy and wants the free market to decide which ones succeed. His main promise has been to pledge to remove regulations that affect the energy industry, including rules that curb coal industry pollution. He also has said he wants to scrap the Obama's administration's controversial Clean Power Plan to reduce greenhouse gas emissions by power plants.

"The American people did not vote for dirty air, dirty water or the destruction of our precious lands and wildlife, and we will work hard to stop any rollback," said Heather Leibowitz, the director of Environment New York.

The solar industry did come away with one victory on Tuesday. Voters in Florida rejected a ballot initiative that would have allowed utilities to block net metering payments to solar producers if they believed it was shifting costs from one group of

consumers to another. Solar advocates said the initiative would have throttled growth in the solar industry in Florida and set a concerning precedent by moving solar incentives and payments out of the hands of state regulators.