Testimony of Bob Maynard, Owner of Energy Outfitters, Grants Pass, Board member and Government Policy Chair of Oregon Solar Energy Industries Association (OSEIA)
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Thank you, Senator Smith and members of the Committee, for giving me the opportunity to testify today. My name is Bob Maynard, and I am owner of Energy Outfitters, a solar distribution company based in Grants Pass, Oregon and a board member of the Oregon Solar Energy Industries Association (OSEIA).

I would also like to thank Senator Smith for introducing S.2677, The Securing America's Energy Independence Act. This Act will extend the renewable energy tax credits for eight years and expand the residential credit to $2000 per kilowatt.

These long term commitments are the correct signals we need to stimulate growth in America's renewable energy companies. With these signals, the renewable energy industry can attract investment and deliver jobs in communities throughout Oregon and the Northwest – jobs in manufacturing, distribution, integration, installation, and service.

Renewables like solar will play a significant role in our clean energy future. In our local communities, both rural and urban, energy from the sun can add valuable assets to our energy portfolio including electricity, commercial and domestic hot water, and active and passive heating and cooling. Solar is not 'the only answer' to our energy problems, but it will be a significant part of the solution. Solar, along with other renewables, will be a significant contributor to our energy portfolio, our job base, our economy, and our clean energy future.

What the renewable energy industry needs

Renewable energy companies need long-term commitments in order to raise capital, build new facilities, create jobs, and expand markets. In countries and states that have done this, renewable energy has thrived, producing jobs, economic opportunities, and clean energy.

The early vision and long term programs in Germany and Japan are now beginning to show a significant return. As interest and private investment pours into renewable energy manufacturing and infrastructure, these countries top the list in growth and profitability in this industry. They have successfully demonstrated the critical role that government must play to spur growth, leading to sustainable markets with diminishing support.

Globally, renewable energy markets are expanding rapidly and the United States has fallen behind. Without strong leadership and focus on the long term, the United States will continue to lose ground to other highly competitive countries. Without a serious and sustained effort, we will not be competitive in the renewable energy industry. We face the

proposition of replacing current energy imports with future imports of renewable energy technology and products designed and manufactured abroad.

It doesn't have to be this way – a window of opportunity is still open. If we want these economic opportunities in Oregon, the Northwest, and America, now is the time to take decisive action.

The United States once led the world with renewable energy innovation. Silicon based photovoltaic cells were invented in the U.S. and the inventors had close ties to Oregon. We have an extraordinary record of achievement in high tech sectors and innovation in America and renewable energy holds limitless potential, if we just restore our commitment to it.

Businesses are highly motivated to succeed in solar and other renewable energy ventures and are rising to the challenge. Wall Street is beginning to take notice. More solar companies are going public and the early results look very good. The average gain for U.S. solar stocks was 134% in 2005.

The current tax credits are a good start but will not encourage investment in domestic manufacturing. They are too short in duration. Senate bill S.2677 addresses the problem with a longer vision but obstacles still remain.

Larger commercial solar systems are important because they produce more clean electricity and attract investment from out of state. However, many businesses have gone through the initial process of evaluating solar energy investments only to find the Alternative Minimum Tax (AMT) prevents them from using the federal renewable energy tax credit. Exempting the renewable energy tax credit from the AMT is crucial if installations of commercial systems are to go forward in any significant volume.

Other federal programs such as the Solar America Initiative which provides crucial funding for technology improvement and acceptance are important early steps to keep the United States competitive. The northwest will benefit from this initiative. We urge you to support this program and work to expand it next year.

What the renewable energy industry will deliver

With long-term commitments, America's solar companies will continue to leverage the creativity and innovation that is currently fueling one of the fastest growing industries in the world.

We will deliver jobs in communities throughout Oregon and the Northwest – jobs in manufacturing, distribution, integration, installation, and service.

Installation companies are starting up in communities throughout Oregon. These small businesses, along with all other Oregon small businesses, form the backbone of our economy.

Distribution companies like my company, Energy Outfitters, headquartered in Grants Pass, are expanding and growing with the solar industry. Founded in 1991 as a tiny retail renewable energy store in Cave Junction, today we operate three solar electric distribution facilities, supplying approximately 300 contractors in the US and Canada. 85 percent of our sales come from outside Oregon. Our revenues have grown 500 percent in five years and we employee approximately 25 people. We are developing our own line of complimentary products and will be expanding our production facility in Grants Pass. To round out our business portfolio, we have been investing in and building our commercial and industrial installation division in Oregon that will create and support many well paid jobs deploying renewable energy systems.

Oregon manufacturers such as PV Powered in Bend are designing and manufacturing inverters, the power electronics portion of solar electric systems. The vast majority of PV Powered products are exported out of state bringing dollars home to Oregon.

Other Northwest manufacturers such as REC Solar Grade Silicon in Moses Lake Washington are bringing investments into the Northwest. Solar Grade Silicon has recently committed to an additional $600 Million expansion of their facility which is already the largest producer of solar grade silicon in the world.

The rapidly growing solar industry is also creating opportunities outside traditional solar companies. Glass manufacturers, aluminum extruders, makers of specialty coatings, metal fabricators, and machine manufacturers are all seeing growth as a result of the solar industry. A recent study from the Renewable Energy Policy Project (REPP) placed Oregon in ninth place nationally to receive over $900 Million by 2015 in investments attributed to the parts and pieces needed to manufacture solar electric systems. Oregon manufacturers from semiconductor, sheet metal, test equipment, and plastics industries will reap the benefits of expanded production and profits from the increased need for their products due to the growth in the solar industry.

A steel fabrication company in Roseburg, Oregon that once had no relation to solar now generates significant business from manufacturing support structures for solar tracking systems.

With the right signals the solar industry can and will deliver jobs, economic opportunities and some of the cleanest energy on earth at the most critical time – during peak load hours.

What solar energy has to offer

Solar energy provides several valuable assets to our energy portfolio including electricity, commercial and domestic hot water, and active and passive heating and cooling.

Solar energy's largest contribution to our energy needs is producing hot water. It's far more effective to transfer heat from our sun directly to water than burning valuable gas or

electricity. The faster we can deploy solar water heating devices throughout America, the quicker we will free up present natural gas and electricity supplies and infrastructure for more important uses.

Solar electric systems generate at their peak performance when electricity demands are high. These systems offset energy at critical times of heavy use and will continue to do so reliably over time. We know this from many years of research performed by the University of Oregon Solar Radiation Monitoring Laboratory. They have compiled one of the longest records of solar data available and we now know what to expect this year, next year, and five, ten, and more years down the road from our solar energy systems. Solar electric panels manufactured today have power output warranties of typically 25 years and an estimated life expectancy of 40+ years.

This long-term reliability underscores another important contribution from solar and other renewable energy resources: long-term predictable stability that reduces cost and risk associated with volatile future fuel supplies.

Yet another valuable asset from renewable energy is the distributed nature of the power generation. These systems can be strategically located on the grid to prevent bottlenecks that occur and reduce the grid pressure points at critical times effectively offsetting investment in expanded infrastructure. With solar electricity, the power is being generated at the point of use. With solar thermal, the reduction in demand eases the load on existing pipelines and wires.

Conclusion

Solar energy systems have been reliably producing hot water and clean electricity, for decades in the Northwest, and Oregon is the leader in number of installed systems. This is not an accident. Oregon has supported renewable energy systems with tax credits for over 20 years.

With long-term and significant commitment from the federal government with efforts like S.2677 and Solar America Initiative we can regain the global leadership position we once held with renewable energy. We applaud your efforts and support of renewable energy and encourage you to continue to lead our nation to a stable clean energy future.

This concludes my testimony. Thank you for the opportunity to testify.