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Sunday, February 20, 2005

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## Spotlight on solar

By TUX TURKEL, Portland Press Herald Writer

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The Baldacci administration wants to jump start a solar-energy industry in Maine, with the goal of covering 50,000 roofs with panels that use the sun to heat water or produce electricity.

Following the lead of 26 other states, the administration would use rebates, sales-tax exemptions and tax credits to create incentives for home and small-business owners to buy solar products. The rebates would come from an existing charge that electric customers pay on their monthly bills. Rebates would be capped at \$500,000 a year.

Baldacci will advance his proposal in a bill expected to be presented to the Legislature next month.

The solar initiative is part of the governor's overall effort to promote conservation, efficiency and renewable energy to reduce Maine's dependence on imported sources. He previewed his solar ambitions last month during his State of the State address, but this is the first time details of the plan have been made available.

Beth Nagusky, who heads the Office of Energy Independence and Security, said no new taxes would be

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Staff photo by John Patriquin  
Charlie Langston, chief financial officer of Solar Market in Arundel, with the company's small, 500-watt solar electric system called Blue Link Solar Network. The panel costs \$4,850 installed and will generate roughly 10 percent of a home's power. Baldacci's proposal would cut the cost of a Blue Link solar system to

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needed to finance the \$3,200 program. Money aside, Nagusky acknowledged that the administration needs to overcome preconceptions that Maine's cold climate is a bad place to invest in solar energy. It's the amount of sunshine, she said, not the temperature that matters most.

"Maine is a good place to be doing this," Nagusky said. "We have to dispel the myth."

Maine companies that install solar equipment say they are encouraged by Baldacci's plan.

"I think it's probably the best thing that has happened to solar in Maine," said Naoto Inoue, co-founder of Solar Market in Arundel. "It would greatly increase people's willingness to invest in the technology."

Baldacci's proposal is being rolled out against a backdrop of rapid, worldwide growth in the solar-energy industry. Rising oil and gas prices, concerns about air pollution and global warming, and advances in technology are driving the trend. The industry has grown so fast that some companies are facing a shortage of silicon, a raw material for making solar cells.

The greatest activity is in Japan and Germany, where heavy government subsidies are in place, according to the American Solar Energy Society. Because solar isn't a priority of the United States government, the advocacy group says, individual states have been taking the lead here.

California, sensitized by power blackouts and high electric rates, has the most far-reaching programs of rebates and incentives. In December, Gov. Arnold Schwarzenegger outlined his goal of building a solar energy industry in the state by installing solar panels on 1 million homes and businesses by 2018. His "million solar roofs" program could generate 3,000 megawatts of power, the equivalent of a dozen mid-sized power plants.

**PLENTY OF SUN**

In the Northeast, aggressive incentive programs in states such as New Jersey, New York and Massachusetts are drawing solar investment there. That's notable, because weather data show that New York City receives roughly the same number of hours of average annual sunshine as Portland; that Portland is sunnier than Washington, D.C.; and nearly as sunny as New Orleans.

The rebates for Baldacci's plan would come from a pool of money collected now from electric customers and used for conservation and efficiency programs. Rebates would be available for two common solar technologies. One, called photovoltaic or PV systems, harnesses the sun's rays to generate electricity. The other, solar thermal, heats water. Here's an example of how the incentive programs for each technology would work, according to Nagusky's office:

Home or business owners who buy a PV system that has an installed cost of \$30,000, for instance, could cut that price by \$8,500 with rebates and sales tax exemptions. That price buys a system with an energy output rated at 3 kilowatts, enough to provide roughly 60 percent of the power for a typical home in Portland.

Specifically, PV buyers would get a rebate of \$3 a watt for the first 2,000 watts of capacity and \$1 a watt from 2,000-3,000 watts. On a 3-kilowatt system, that's worth \$7,000. Adding the sales tax exemption of \$1,500 brings the total to \$8,500.

For solar thermal systems, incentives would cut the price of a typical, \$5,000 system by \$1,250, or one-quarter. This price buys a system that could meet roughly 80 percent of a family of four's hot water needs on an annual basis. This \$5,000 system would qualify for a rebate up to \$500, a \$250 sales tax exemption and an income tax credit up to a \$500.

Because solar energy is free, these incentives cut the time it takes to pay back the cost of equipment. But if calculations such as dollar-per-watt seem confusing, solar equipment installers say, that's partly because people are confused about solar energy in general.

### **INCENTIVES HAVE MASS APPEAL**

Many people equate solar panels with a back-to-the-land lifestyle, said Chris Straka of Ascendant Energy in Owl's Head.

"People now think solar is off the grid," Straka said. "It's for people living in the woods and reading Mother Jones magazine."

Solar energy does appeal to self-reliant residents who live away from power lines, who charge expensive batteries so they have electricity at night and on cloudy days. But modern PV systems also are designed to work without batteries, Straka noted, by using the sun when it's available and sending excess power back into the electric grid. Customers receive a credit on their power bills. The incentives proposed by Baldacci, Straka said, will help make solar energy a mainstream option.

Straka and the handful of solar installers in Maine typically make up a part of their businesses by installing off-the-grid systems on islands or other remote settings. But more recently, they've also been working in states with strong incentive programs. Solar Market, for example, installed a 60-kilowatt PV system at a mall in Newburyport, Mass., with the help of a state grant.

Financial incentives level the playing field for solar energy, Inoue said. Conventional energy sectors, including oil and coal, he said, receive a variety of government subsidies and tax credits that lower the cost of production.

Because solar energy remains expensive - even with financial incentives - Solar Market is trying to broaden the market. It sells a small, 500-watt solar electric system called Blue Link Solar Network. The panel costs \$4,850 installed and will generate roughly 10 percent of a home's power. That's not much, but if enough buildings installed them, Inoue calculated, solar electricity could generate 10 percent of the nation's power and offset the need for 300 coal-fired power plants.

Baldacci's proposal would cut the cost of a Blue Link solar system to \$3,200. That could make a big difference in his ability to sell them, Inoue said.

"People spend \$3,200 on a widescreen television," he said. "It's a credit card sale."

The financial incentives proposed by the governor would boost sales, agreed Blair May of Waldoboro, owner of Solar Winds Northern Lights. But May also would like to see any legislation include certification requirements for solar installers. May recalls that many systems from the 1970s and '80s weren't designed or installed correctly and failed to perform as expected.

"Instead of promoting renewable energy," he said, "it gave the industry a black eye."

May was in California last week, where he had installed a

10-kilowatt PV system on Arcata City Hall and was working on a larger system for the high school. He has jobs lined up in Maine this spring, he said, but most of the work is off-the-grid PV installations on islands and remote sites. Without financial incentives, he said, those systems will take 35 years to pay for themselves.

Baldacci's bill was still being finalized last week. A public hearing won't be set for a month or so, Nagusky said. Unlike Gov. Schwarzenegger in California, Baldacci hasn't specified a time frame in which he hopes to see solar collectors on 50,000 Maine roofs.

"It's just an ambitious goal," Nagusky said.

Staff Writer Tux Turkel can be contacted at 791-6462 or at: [tturkel@pressherald.com](mailto:tturkel@pressherald.com)

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