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REVIEW & OUTLOOK

How to Kill American Solar

A crucial decision comes this week on tariffs that would raise solar costs.



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By The Editorial Board

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The solar power industry doesn't like our opposition to solar power subsidies, but these days we're on its side. We're among the few opposing tariffs on foreign solar panels that could severely damage American solar power.

The International Trade Commission in September ruled in favor of two financially troubled U.S. solar-panel makers—Suniva and Solar World—that claim they've been injured by imports. This week the ITC will issue its “remedy recommendations” for President Trump, but nothing in the law says it must recommend tariffs on the most basic components of solar power.

Suniva and Solar World want a 25-cent per-watt tariff on imported photovoltaic cells and a 32-cent per watt tariff on modules. Suniva also wants a floor price on all imported solar products, and Solar World wants import quotas on top of which the tariff would spike. The companies claim import protection will drive demand for U.S.-made panels and create jobs.

Not likely. The future of U.S. solar is in installation and innovation, not making basic components. Growing solar jobs—now at 260,000—in the U.S. depends on demand for solar power, which in turn depends on the price competitiveness of electricity produced from the sun.

A recent study by GTM Research found that utility-solar installations between 2018 and 2022 would fall 10% with a 10-cent tariff and by as much as 57% with a 40-cent tariff. In a brief to the ITC, NextEra Energy Inc., which owns Florida Power and Light Co., explained one reason demand would fall. The company said it is “familiar with both petitioners” and that “their products do not meet NextEra's requirements and would require electricity prices to consumers that would not satisfy” regulators.

Michael O’Sullivan, senior vice president of development for NextEra Energy Resources, told the ITC on Oct. 3 that “if tariffs are imposed, good-paying solar jobs will be lost.” The residential solar business would also get hit. “The biggest volume impacts would be felt in the largest state markets, but nascent state markets that have just begun to develop vibrant residential solar sectors could disappear almost entirely,” GMT Research reported,

The theory is that tariff protection will give Suniva and Solar World time restructure and become competitive, but neither company has submitted the required adjustment plan. ITC Chairman Rhonda Schmidlein asked at an Oct. 3 hearing, “Why haven’t we seen either an adjustment plan or commitments?” When a Solar World lawyer claimed he had submitted a plan, Ms. Schmidlein shot back: “You envision a revived upstream supply chain. You envision that there would be 35,000 jobs created at minimum. That sounds like a wish list to me.”

The Solar World lawyer agreed to come up with more information, but he has a tough assignment. Demand for solar depends on competitive pricing, which in turn depends on access to low-price panels. That’s something for the ITC to keep in mind when it advises Mr. Trump on how to help two companies.

The solar industry doesn’t deserve subsidies but it also doesn’t deserve punishing tariffs. And by the way, where is the green left when we need them to oppose tariffs?

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