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**STATEMENT OF
GREEN ENERGY CAPITAL PARTNERS, LLC**

**SUBMITTED FOR THE RECORD OF THE HEARING OF THE
PENNSYLVANIA HOUSE MAJORITY POLICY COMMITTEE HELD ON
SEPTEMBER 18th, 2012**

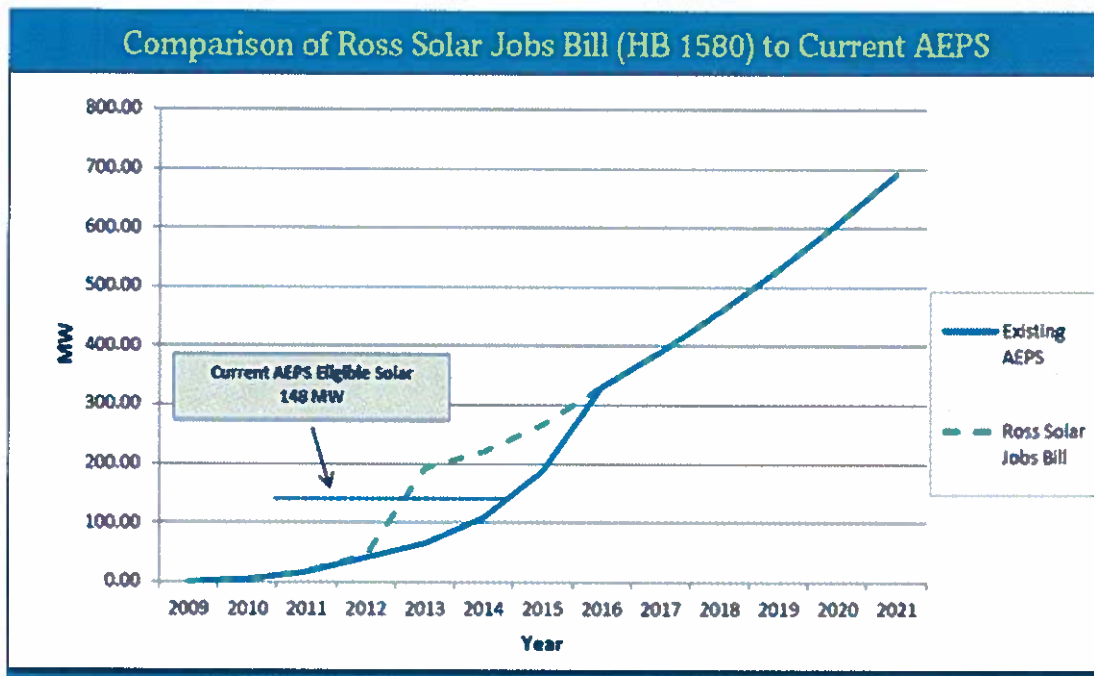
JIM THORPE, PENNSYLVANIA

My name is John Curtis and I am the Founder and CEO of Green Energy Capital Partners (GECP). GECP is a developer of a grid connected, utility scale, solar power facilities and the Investment Manager of a solar fund for institutional investors. GECP was the developer of PA Solar Park, a 11.5 MW DC grid connected solar farm in Nesquehoning, PA. The solar field is comprised of 40,000 ground-mounted solar panels that will generate enough electricity to power 1,500 local Pennsylvania homes. The installation will eliminate over 11,000 metric tons of greenhouse gasses annually. The project employed 150 full time workers for over half a year, and generated over \$3,000,000 in direct wages and \$18M in direct economic impact for Pennsylvania based white, blue and green collar companies. Also the project will provide future tax revenue in Carbon County over the next 30 years. A second Phase of PA Solar Park that would double the size of the project is planned, but may not be built due to the current economic and political conditions. GECP also has another 20MW local project that is currently on hold.

Today I have been asked to share my thoughts regarding state policy as it relates to job creation and job preservation, specifically in my industry. I would like to focus on three issues, (1) the market for Solar Renewable Energy Credits (SREC) in PA, (2) out of state solar generation satisfying the PA Alternative Energy Portfolio Standard (AEPS) compliance, and (3) capital deployment as it relates to policy.

SREC Market Collapse

The value of an SREC, a Solar Renewable Energy Credit, in Pennsylvania has precipitously declined 93% from \$300 in June 2010 to \$20 in August 2012. This is due to three factors; (1) the state deploying \$180M in grants for solar systems, which worked and a lot of solar systems were built, (2) allowing SREC's generated out of state to qualify for PA solar compliance, which added to the over-supply of SRECs (3) a low early year solar requirement, well below the amount of solar already built. At the current SREC level of \$20 little if any solar development will occur in PA in the near future.



Source: PennFuture

On May 21, 2009 Green Energy Capital Partners, LLC provided testimony to the House Environmental Resources and Energy Committee regarding HB 80, a bill that would have corrected the imbalance but failed to reach a vote in the legislature. Our testimony detailed the positive effects for PA of closing the borders to out of state SREC generation, and of increasing the early year requirements to match the rapid build-out of solar due to \$180M in state grants. The solar AEPS requirement is 46 MW's of generation for the 2012 compliance year ending on May 31, 2012. At that time there was 100 MW's of in-state solar installed with another 48 MW's of out-of-state solar installed that have registered and qualify to sell SREC's into the PA market for AEPS compliance. One such facility is a 10MW solar plant in Chicago. Currently, the market is oversupplied by 200%, which has created a market crash.

In 2011, House Representative Ross introduced House Bill 1580 and in August 2012 a companion Senate bill was introduced by Senator Argall. These bills would correct the market imbalance in the next several years while keeping the original 2021 solar AEPS target unchanged. The bills would mandate only in-state solar generation for compliance of the AEPS and have a negligible ratepayer impact estimated at 1.1 cents a day for residential customers and 15 cents a day for commercial and industrial customers. A hearing was held by the House Consumer Affairs Committee in January 2012, but to date no vote has been taken on HB1580, despite having 109 sponsors of the 203 House Representatives. Unfortunately, a bill that would pass the House of Representatives and save a nascent solar industry is stalled in a committee that will not vote on the bill. It is estimated that inaction on a solar fix has resulted in the loss of 50% of the newly created solar jobs in Pennsylvania over the last 18 months.

What are other states doing faced with similar market related solar jobs issues? One of the most successful solar state programs, NJ, does not allow out of state generated SREC's to comply with its states Solar Renewable Portfolio Standard (RPS). NJ also had an imbalance that threatened the Solar Jobs in NJ due to an imbalance in the markets, similar to what PA has faced over the past two years. NJ recognized that without immediate action dire consequences in the form of job loss would occur. On July 23rd, 2012 Governor Christie signed the Bill into law increasing the Solar RPS addressing the solar supply imbalance. The bill saved thousands of jobs and provided ratepayers with long-term financial benefits. Pennsylvania needs to follow New Jersey's example and save jobs that it has already created through significant capital investment.

While we believe in free markets, it is important to remember that the greatest worldwide free markets, including the New York Stock Exchange, have built-in stops and market freezes to preclude catastrophic collapses similar to what the solar industry is experiencing in Pennsylvania.

Out-of-State Solar Generation for AEPS Compliance

Currently 13 states that encompass the PJM Regional Transmission Organization (RTO) can sell SREC's generated in 13 other states to comply with the Pennsylvania AEPS, while Pennsylvania projects can only sell their generated SREC's into Ohio at a 50% discount to SREC's generated by Ohio in-state facilities. This, in effect, means that Pennsylvania ratepayers are subsidizing jobs created in other states, without any distributed peak energy rate shaving benefits, reduction of congestion or increased reliability for Pennsylvania residents. In addition, Pennsylvania and local communities receive no sales and use tax, property tax, income tax or any other revenue from out of state facilities, but our ratepayers are obligated to subsidize out of state projects and out of state job creation. Many opponents of closing the borders argue that doing so will violate the Interstate Commerce Clause (ICC), however NJ, CA, MA and others have closed their borders to out of state projects. A legal opinion submitted to the House Consumer Affairs committee from a respected legal expert on the ICC provided written testimony that HB 1580 would not violate the ICC.

PJM – Geography allowed to qualify for PA solar compliance



Source: PJM

Deployment of Capital is critical to creating jobs in PA

Currently there are approximately 100 MW's of solar installed in Pennsylvania. Under the current AEPS another 750 MW's are required to satisfy the .05 % solar AEPS targets by 2021. 750 MW's of installed solar creates \$225M in direct wages, \$180M in sales and use tax, \$3B in capital investment, State and Local income and property tax. It is certain that without a short-term immediate legislative fix to the SREC market, no meaningful tax revenue or capital investment in solar projects in PA will occur in the near future. Investors need certainty and a suitable return on investment to deploy capital. With interest rates at an all time low, unlimited capital is available for projects and will be deployed in states and countries where policy certainty and returns are achievable.

Summary

Solar power plants are similar to nuclear power plants in the fact that once the debt is paid, electricity is produced at less than a penny a kilowatt, creating lower consumer energy cost and energy independence. Solar plants cost one fifth of the cost to build a nuclear power plant, have no spent fuel rods to dispose of, and minimal decommissioning costs. Solar power is load following, producing electricity when energy costs are highest and demand is the greatest. Solar jobs in Pennsylvania cannot be outsourced. While solar module prices have dropped 75% in the last 2 years, construction wages and state and local taxes have stayed constant and will provide a bright future, if we realize and embrace the opportunity.

Thank you for your time today.