



The Biden Administration Screwed Over the Solar-Panel Industry

Nitish Pahwa

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Who loves the sun? President Joe Biden, who this month used his pen to try to stabilize a domestic solar power industry that's been truly going through it.

On June 6, Biden issued a series of executive orders “to spur domestic clean energy manufacturing,” drawing upon the 1950 Defense Production Act to boost the renewables sector. This use of the wartime-industry focused DPA—previously invoked by both Biden and former President Donald Trump to aid emergency manufacturing of COVID-protection equipment, fire hoses, baby formula, and minerals like lithium and cobalt—frames climate change as a national security issue, and decarbonization as one way to ensure the nation's safety. The sectors to be supported by the order read like a green-energy-industry wish list: heat pumps, insulation for buildings, fuel cells, and large power transformers. But the most important part concerns the solar panel sector.

That should be welcome, because earlier this year, other Biden administration actions practically ground the solar power industry to a halt, slowing in a very real way America's efforts to make energy production greener. The question now is: Can the government unscrew solar?

Some background: In late March, the Department of Commerce said it would explore the possibility of imposing new tariffs on solar panels and related equipment imported from Cambodia, Malaysia, Thailand, and Vietnam. Spurred by a February petition from a small California-based manufacturer of solar modules, Auxin Solar Inc., the DOC is investigating whether Chinese companies are routing solar panel parts through those countries in order to evade existing U.S. tariffs on Chinese-made equipment. Auxin CEO Mamun Rashid told me in an interview that his tariffs request is intended to “level the playing field” against Chinese global dominance of solar: “Our goal is to create an environment to find the right policies to bring back that solar supply chain to the U.S.”

This has been intensely controversial in the industry, with one American solar CEO saying Auxin's case is “meritless” and arguing that the nations that should be considered “countries of origin” for solar products are the ones that *make* complete solar parts—not the ones that provide panel materials. In addition, according to Solar Power World, the Department of Commerce “has

previously determined that solar cells manufactured in third countries using Chinese polysilicon were not subject” to tariffs on Chinese parts.

There are no new tariffs in place for those countries just yet, and the full investigation itself could take up to a year, although DOC plans to report preliminary findings and actions by the end of August. But solar companies subsequently paused hundreds of in-development power projects, the New York Times reported in April, leading states like Indiana—facing rising energy costs because of inflation and the war in Ukraine—to kickstart coal plants that were to be phased out in favor of renewable energy.

Why would a mere *probe* lead to these shutdowns? Well, the four countries under investigation collectively provide up to 82 percent of the U.S.’s most-utilized solar tech: crystalline silicon modules, which are highly efficient at converting sunlight into electricity and have long lifetimes. The U.S. is dependent on these nations because its own manufacturing sector for solar parts is limp. “We have a little domestic production here, but not a lot, and certainly not enough to meet the booming U.S. demand,” explained Scott Lincicome, director of general economics at the Cato Institute.

Uncertainty over import costs has immediate business effects. Brian Grenko, vice president of the energy consultancy VDE Americas, told me that many solar projects are “developed under power purchasing agreements based on an assumption of what market pricing *could* be.” Since solar takes a long time to develop, much less install, even the *threat* of future cost increases can throw current financial projections into doubt. As Jared Donald, head of U.S. operations for the Canadian renewable energy firm Amp, told me, “Our industry doesn’t plan six months ahead—we think five to 10 years ahead.”

The sector is already on edge considering that supply chain troubles have slowed growth, reduced future energy capacity projections, and driven up prices over the past year. Taras Bezchlibnyk, Amp’s director of project delivery and engineering, pointed to additional hurdles like hikes in the prices of steel and industrial metals in general, as well as difficulty in finding workers. On June 7, a report released by the Solar Energy Industries Association stated that the solar industry had this year seen its worst quarter since the onset of the pandemic.

Still, some are fine with the probe. Ohio Sens. Rob Portman and Sherrod Brown sent an early-March letter to Secretary of Commerce Gina Raimondo urging her to accept the petition; a bipartisan group of 15 members of Congress followed suit just a few days after. (In a statement to Slate, Brown wrote, “We need to take steps to invest in domestic manufacturing and domestic supply. It will be impossible for American producers to do this if undervalued Chinese products are dumped onto the American market.”) When I asked Grenko why he thought the Ohio senators would support Auxin’s petition, he pointed out to me that First Solar, “the country’s largest manufacturer of solar panels,” is “based in Perrysburg, Ohio.” The company, which manufactures a type of panel unaffected by the potential tariffs, told the Times that it supports Auxin’s petition. (It also opposes the new executive order.)

But, as major newspapers highlighted the probe’s impacts, officials like Energy Secretary Jennifer Granholm and climate envoy John Kerry confronted Raimondo. California’s governor

wrote a letter warning the DOC that the probe could stunt the state's clean-energy efforts, as major solar and energy-storage projects have already stalled, delaying the eventual deployment of thousands of megawatts of renewable energy capacity. And 22 U.S. senators sent a letter to Joe Biden on May 1, stating that the probe is causing "massive disruption in the solar industry." Raimondo, in response to this intragovernmental fretting, has said her "hands are very tied." She also testified to Congress last month about the investigation. The spotlight remains on Raimondo because even with the temporary tariff pause, the DOC's decision could still have repercussions for international trade of solar technology down the line.

Still, Biden's solar order has come as a "great sigh of relief" that could "put some positive momentum back into the industry," as Jeff Cramer, president and CEO of the Coalition for Community Solar Access, told me. The executive announcement outlines plans to address holdups in U.S. solar supplies, including: Having the federal government serve as a guaranteed customer for solar equipment and contracts, and expanding domestic production of important solar panel parts like photovoltaic modules and module components. The order also notes ongoing initiatives by the administration to accelerate and cheapen solar installment on public lands, ease the process by which individual neighborhoods can participate in community solar projects, advance "resilient" solar installations in Puerto Rico, and outline training materials and guidelines for solar workers.

Most essential, however, is the measure "temporarily facilitating U.S. solar deployers' ability to source solar modules and cells from Cambodia, Malaysia, Thailand, and Vietnam by providing that those components can be imported free of certain duties for 24 months." This pointed directive waives all possible tariffs on solar imports from those countries for at least two years. (The text also states that this is not undermining the DOC's work. Yeah, good, OK.)

The freeze of "certain" tariffs for the four countries under investigation has already been helpful to solar companies, to hear them tell it. Amp's Taras Bezchlibnyk said his company was "relieved" by Biden's order, as it "finally provided some clarity as to what was going to happen with those tariffs, and allows manufacturers to go forward with modules." Jeff Cramer told me that the freeze "clears the way for halted solar projects to get back on pace"—although that will take a while, so there will still be costs to the industry as it makes up for delays and deals with still-sputtering supply chains.

However, using the DPA "is a short-term 'fix,'" Brian Grenko wrote in an email. As noted in the American Prospect, money offered through the DPA needs to be approved by the Pentagon, which has already shelled out billions for previous invocations of the act. There's not much money left in the DPA's fund this year, and it's uncertain whether the Pentagon would free up more money for energy purposes. (Incidentally, the U.S. Army did just deploy a floating solar plant on a lake near Fort Bragg with the goal of reducing military emissions.)

Even if Congress bolstered the fund through defense spending, that money would not be available before the end of the year, and those funds would still need to make it through Pentagon-approved appropriations, in a process some lawmakers find frustratingly opaque. A few solar panel makers have referred to the potential DPA funding as a "pittance" compared with

what's needed, and industry representatives brought those concerns to the president in a White House meeting last week.

“We haven't seen bigger policies to support us, like Build Back Better,” Amp's Jared Donald told me. That legislation, long stalled within Congress, could increase federal investment tax credits for both residential and commercial solar adopters, and also implement tax credits for solar manufacturing, enshrine labor protections for workers, and incentivize the buildout of energy storage. All without tariffs that could keep imported panel costs high, and that haven't seemed to help U.S. solar all that much. Meanwhile, it's unclear whether other measures to bolster the solar industry would pass unless they're shoehorned into unrelated bills.

Other challenges remain. Auxin, along with some other domestic solar manufacturers, is considering legal action against the administration. Richard Keiser, founder and CEO of the community solar provider Common Energy, also told me that the tariff-probe scare set us up for a rough summer, thanks to the halting of various low-cost solar projects and the delays they will have before they go online. “We've taken off a fair amount of grid capacity, and we've begun a transition to EVs, and we have warmer temps and more extreme events, all of which affect the grid,” he said. “If we get blackouts due to extreme weather, opportunists will blame renewables, which will be false. People in power should declare an emergency to provide funds to make up for damages.”

That would certainly be nice, but the question remains as to whether the Pentagon will provide enough money to meet the needs of the domestic solar industry. A long-standing congressional order instructs the executive branch to prioritize renewable energy development over fossil fuels when it comes to DPA-backed energy measures, and Biden could make the argument for aiding the solar industry is heightened thanks to the energy shocks deepened by the Russia-Ukraine war. Congress could also help with legislation designating DPA funds for the solar industry. But if neither option comes to fruition, the U.S. solar industry faces a road to recovery that, as ever, is filled with uncertainty.