SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

Field Hearing:

Small Businesses Powering the Clean Energy Economy

Benjamin Franklin Cummings Institute of Technology
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Testimony of:

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Ranking Member Markey and Members of the Senate Committee on Small Business and Entrepreneurship, thank you for this opportunity to testify today. My name is Nick d'Arbeloff, and I serve as President of SEBANE, the Solar Energy Business Association of New England.

Before I begin, I would like to express my thanks to you, Senator Markey, for all that you do and all that you have done to support clean energy in Massachusetts and nationwide. Your tireless efforts to advance legislation that helps clean energy businesses gain a foothold and grow has been critical to the success of the Massachusetts clean energy economy. Back in 2008, when I served as the founding president of the New England Clean Energy Council (now the Alliance for Climate Transition, or ACT), I remember well the support you offered our fledgling organization. I am deeply grateful for your dedication to the clean energy cause.

The mission of the Solar Energy Business Association of New England is to protect and promote the New England solar industry through informed policy intervention, coalition building, and stakeholder education. Our members include residential installers; commercial developers; systems integrators; solar component manufacturers; and service providers. The vast majority of our members are small businesses, and all of them have been significantly impacted by the erratic changes in policy over the last few months.

SEBANE members work diligently each day to deploy clean energy resources throughout our region. Domestic energy production is vital to achieving energy independence, and much of our progress has been driven by the incentives provided under the IRA—particularly the 48E and 25D investment tax credits. These clean energy tax credits have a long-standing history of bipartisan support, and their extension under the IRA offered the

regulatory certainty that businesses like ours depend on to plan, hire, and invest. Repealing these provisions—especially when paired with the volatility caused by proposed tariffs—would deal a significant financial blow to project viability and thus to our businesses, jeopardizing thousands of jobs and millions of dollars in private investment that power our regional economy.

Many of our small business member companies—including some that have been operating for more than 20 years—have expressed serious concerns about the potential rollback of the Inflation Reduction Act. Several have indicated they will be forced to significantly reduce their workforce or close their doors entirely if these changes move forward. Investors are increasingly hesitant to finance projects due to uncertainties surrounding tax credits, grants, and tariffs, all of which are now being factored into both the cost of capital and asset valuations. As a result, projects are being halted mid-development. Installers are raising their prices significantly—some by more than 20%—just to stay afloat. Several members have warned that the imposition of tariffs could effectively shut down the battery storage sector altogether.

While SEBANE has worked successfully with the Healey administration to advance policies that reduce barriers and open new markets for solar, the combined impact of IRA rollbacks and tariffs would be devastating for many of our small business members. Moreover, SEBANE itself—operating as a nonprofit funded entirely through member dues and educational event revenue—may not withstand the financial strain that such cuts would impose across our membership base.

Tariffs are not new to the solar industry. We saw tariffs introduced in 2012, when it was believed that the Chinese were dumping panels in the United States below their cost to manufacture. In 2018, several new tariffs were added; these were then extended in 2022. Multiple administrations have levied tariffs, kept them in place and/or extended them. At this moment in time, what is most concerning is the unpredictability of the tariffs being implemented. Any business, small or large, seeks to understand and account for all of the variables that may adversely impact its operations. If a business knows that a component is going to cost more in the years ahead, they can plan for it. What makes planning much more challenging is a situation where it is difficult—if not impossible—to understand or even estimate what a component will cost. This is the very situation that solar companies find themselves in today.

The Biden administration placed an emphasis on the domestic manufacturing of solar components. The policy was implemented in a logical fashion; as a result, major manufacturers began building assembly plants here in the United States. Hanwha opened plants in Dalton and Cartersville, Georgia; Silfab opened plants in Burlington, Washington

and Fort Mill, South Carolina; JA in Phoenix, Arizona; Jinko in Jacksonville, Florida. It is important to note that the policy leaned on carrots, rather than sticks: if a solar project used components with high domestic content, it was eligible for higher tax credits. This incentive drove the market and ultimately drove manufacturers to invest in US operations.

Currently, these manufacturing plants are not building solar panels from the ground up. They are still primarily assembly plants; they receive sub-components from around the globe, and the finished product is assembled in the US. This represents a huge step forward in increasing the domestic content of panels installed in the United States—but it's worth noting that a panel with every single sub-component made in the US is mostly aspirational; it is not realistic given today's global supply chains. The previous policy took this into account.

The tariffs being implemented in 2025 are all sticks and no carrots. In fact, many of the financial incentives that the industry had started to leverage have been swept off the table. It is possible the courts may bring some of these incentives and grant monies back; it is also very possible that they will not. It is also possible that Congress will reduce tax credits in the coming months—something SEBANE members strongly oppose. With all sub-components now facing a range of different punitive tariffs, the industry has gone from the possibility of bonus incentives with prices remaining relatively stable to a situation where there are now no bonus incentives and prices are starting to fluctuate wildly. This rapidly changing landscape creates significant instability.

The solar industry, both in Massachusetts and across the nation, is quite accustomed to policy-driven ups and downs; after all – that is why it is so commonly referred to by insiders as "the solar coaster." We have weathered many storms, and it is my expectation that the industry will weather this storm as well. And it is critical that we do so, since solar remains one of the most powerful tools available for combatting climate change. Solar not only increases our nation's energy independence and enhances grid resiliency, it also offers a reliable, affordable source of electricity that moves us away from the dangers of fossil fuels.

Senator Markey, as you well know, the battle to prevent climate catastrophe is not going particularly well. That said, giving up the fight is not an option. SEBANE's members, along with solar companies across the country, will continue doing what we do, both as small businesses seeking to grow and prosper, and as a group of dedicated professionals intent on helping civilization avoid the very worst impacts of climate change.

Thank you for your time today.