

Stimulus Package Has Green for Clean Energy

Massive bill earmarks \$80 billion for renewables. Small biz to play major role.

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The government is pulling out all the stops to get the economy's heart beating again, including a large clean energy investment that's part of The American Recovery and Reinvestment Act of 2009--the stimulus package. It provides about \$80 billion altogether for renewable energy, [energy efficiency](#), mass transit, updating the electrical grid and research. The hope is that investing in solar power and other forms of renewable energy will create jobs, help businesses grow, make our economy more productive, and create a cleaner world for the future.

"We're calling on small businesses to lead the recovery and do it with green jobs and clean energy innovation," says Byron Kennard, executive director of the Washington, D.C.-based Center for Small Business and the Environment. "Targeting the recovery with green businesses is the most practical way to get the economy going."

Solar and wind energy have a great deal going for them. They produce [electricity](#) without any pollution, and we already have all the technology we need to build them on a large scale. Additionally, money invested in solar, wind, geothermal, biofuels and energy efficiency could create millions of jobs in the years ahead.

With all renewable energy has going for it, why don't we all have solar panels on our roofs already? The biggest issue limiting growth is the funding to install systems in the first place. Tax incentives for solar in California and other states have helped it grow, and at the start of this year, the federal government changed the solar tax credit to 30 percent of the cost of residential systems, removing a previous \$2,000 cap. While this measure was good news for the solar industry, its impact was muted by the economic crisis we're embroiled in.

Stimulus to the Rescue

That's where the stimulus comes in. The package helps bring clean energy businesses to the forefront by using tax incentives, bonds, grants and loan guarantees. Two measures that will help solar are the grants and loan guarantees for renewable energy. Tax credits are great when you're making money, but many investors aren't profiting in the current economy, dampening appetites for tax credits. The stimulus allows those installing solar power to apply for a cash grant instead of a tax credit and get the money back in 60 days. These grants will bring investors back into solar and wind, ensuring strong growth.

The stimulus also provides \$6 billion in loan guarantees that will help solar energy grow by making more credit available. Solar energy is a low-risk investment, about as safe as they come. If you put solar panels on a roof, the sun produces power, which in turn makes money. Still, credit has gotten so tight that even safe investments like solar can't get credit.

"A solar power system generating electricity has a forecastable income stream over the next 30 years," says Lyndon Rive, CEO of SolarCity, a Foster City, Calif.-based solar installer. "But it's hard to get credit for these systems. By backing up loans, the government gets lenders to start lending again, which leads to more systems being installed, more jobs and more businesses."

What are the Opportunities?

What type of businesses will benefit from these measures? Businesses that manufacture and install renewable energy systems will be big winners as the stimulus kicks in, potentially creating millions of jobs and thousands of businesses across the country.

"Job creation from the stimulus will likely take two or three months before it kicks in," Rive predicts. "As the U.S. learns how to absorb the stimulus package, you will see tremendous growth and hiring in green-collar jobs. In most states, the businesses that will benefit are all renewable businesses."

Related businesses in the solar field will also benefit, including companies like Fat Spaniel, which helps monitor solar systems remotely; those that provide innovative mounting systems for roofs; and businesses that produce power inverters (for converting DC power to AC). More solar power also helps businesses like Solmetric, which makes a device that helps position panels on the roof. Businesses like SolarCity that provide unique options like leases and power purchase agreements (in addition to design and installation) to put solar on rooftops for no money down will continue to remove the barriers to solar installation.

The stimulus will also help businesses like San Francisco-based Sustainable Spaces, which retrofits buildings to make them more [energy efficient](#). Co-founder and president Matt Golden expects the stimulus will help his business and related businesses grow rapidly.

"The stimulus package includes \$5 billion for weatherization, \$4.5 billion for federal building upgrades and another \$4.5 billion in matching funds to update the country's energy grid," Golden says, adding that low-income weatherization programs are an ideal way to start because the construction to make [energy-efficient](#) homes creates jobs. He estimates that meeting the Department of Energy's goal to retrofit 10 million homes per year for the next couple decades will create about 1.25 million green-collar jobs.

Moving Forward

The benefits will percolate through the economy, predicts Eric Corey Freed, author of *Principal of Organic Architect*. "The first wave is the people doing the hands-on work in the field with green collar jobs in renewable energy or green building," Freed says. "The second is the people doing the marketing, websites, accounting, hiring and whatever else businesses need behind the scenes. The third wave is teaching. We need people that take all of this information and make it available in an easy way for all sorts of green building topics, and other sustainable business areas. We need good teachers."

Other measures to support renewable energy and energy efficiency are also being developed, like on-bill financing in California. On-bill financing of energy efficiency projects will help businesses fund energy efficiency improvements that are paid back through their utility bills, helping them save money overall. Cities in California and other parts of the country are creating solar power and energy efficiency funding for homeowners, who pay back the money over many years through their property taxes. The SBA has a little-publicized 7a loan program to fund energy efficiency projects. The more innovative funding for clean energy and green building that's available, the more rapidly the field will grow and help the economy.

You don't even have to work in the energy field to benefit from the support for renewable energy. "Every business will have the opportunity to go green and save money," says SolarCity's Rive. Businesses that install solar or wind systems and that invest in energy efficiency are helping their own bottom line by saving money.

If the stimulus goes according to plan, we all win. "Citizens across the United States will benefit through the creation of new jobs, decreasing energy costs, less dependency on foreign energy sources, reduced pollution and carbon emissions, and a stronger economy," says Neal Lurie, of the American Solar Energy Society. On a smaller scale, eco-conscious entrepreneurs looking for a funding boost may find startup cash easier to secure.

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