REUTERS EVENTS™

NewEnergyUpdate

COVID-19 and its impact on the US solar PV industry

A white paper in conjunction with Reuter's Events:

THE 6TH ANNUAL

PV OPERATIONS USA

NOVEMBER 12-13, 2020

The US solar PV industry is coping well during the COVID-19 crisis. And although insiders expect the pandemic to affect the sector, they also believe any negative impacts will be short lived. These are the key findings of exclusive qualitative research carried out by Reuters Events in anticipation of the sixth annual PV Operations USA asset management and operations and maintenance (O&M) conference, November 12 and 13, 2020.



In a poll of 18 industry leaders spanning all segments of the US solar business ecosystem, optimism over the long-term prospects for PV was almost universal. And although most respondents acknowledged that working practices had changed to cope with the coronavirus emergency, a welcome number of professionals claimed that business was continuing more or less as usual despite the impact of COVID-19.

The impact of COVID-19



56% There will be a short decline followed by growth
28% There will be continued growth
11% There will be a major decline
5% There will be no change/don't know

How industry leaders expect COVID-19 to affect the solar industry.
Source: Reuters Events research for PV Operations USA.

More than half of those surveyed were confident that the PV industry was well placed to bounce back soon after any downturn resulting from COVID-19, with many respondents predicting a return to growth within months.

One senior director for O&M at a major solar provider said: "The slowdown in the industry will probably be temporary. It's just about getting through the COVID-19 situation quickly."

Such optimism was a common theme among the experts polled, with only a couple of respondents predicting a long-term downturn for the industry.

In contrast, a significant number of those questioned believed that continued appetite for renewable energy investments would allow the US PV industry to continue growing almost untouched by the coronavirus outbreak.

Produced in Association with

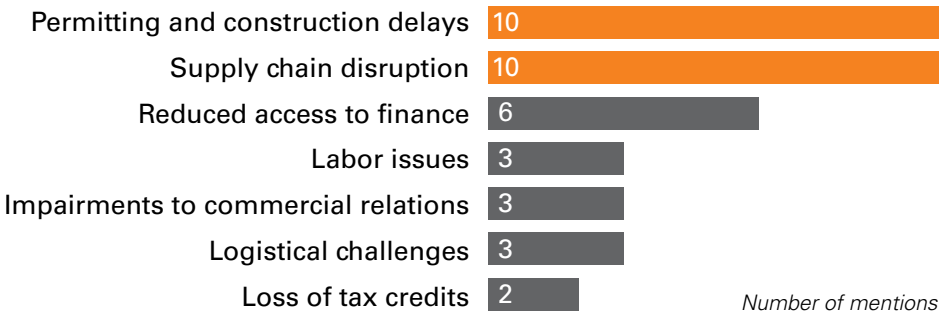
PV Operations USA

Monetize and Digitalise Operation Assets

- *63% Plant Owner*
- *45+ Speakers*
- *30+ Sponsors*

Check it out here >>

What could go wrong?



Potential impacts of COVID-19 on the US solar sector.
Source: Reuters Events research for PV Operations USA.

The research threw up two major concerns relating to the coronavirus outbreak, which as of May 7, 2020, had witnessed more than 1.25 million cases and almost 75,000 deaths across the US.[1] The first was that the pandemic would lead to delays in the permitting and construction of new plants. This was already happening in some cases, various respondents reported. An equally important concern was that coronavirus-related shutdowns would cause supply chain disruption, particularly relating to supplies from Chinese panel manufacturers. "Module shipments are reduced," said a PV testing labs representative.

Beyond these two big worries, several respondents were concerned that a downturn in the economy arising from the pandemic might tighten the supply of capital for new projects. But at the same time, some thought green investments might be favored post-COVID-19.

Adapting to the new reality

An encouraging number of respondents said they had been able to adapt to working under COVID-19 with only minor adjustments to current practices. "The PV industry doesn't require social activity and can be done from home," observed one respondent.

The most obvious changes to working practices were related to social distancing. Several respondents reported the introduction of homeworking and special measures for staff working in the field, for example limiting the number of passengers in trucks. Most companies claimed COVID-19 was only having a small impact on maintenance, with one asset management platform developer estimating that availability would not be affected by more than 1%. Despite heavy COVID-19 loads in many US solar markets, illness did not appear to be a major issue for the majority of the companies surveyed.

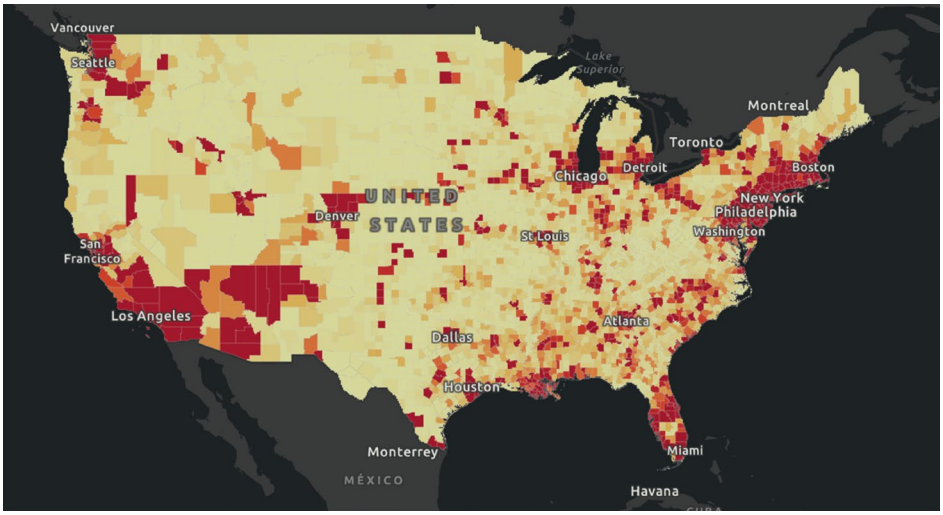
Produced in Association with

PV Operations USA

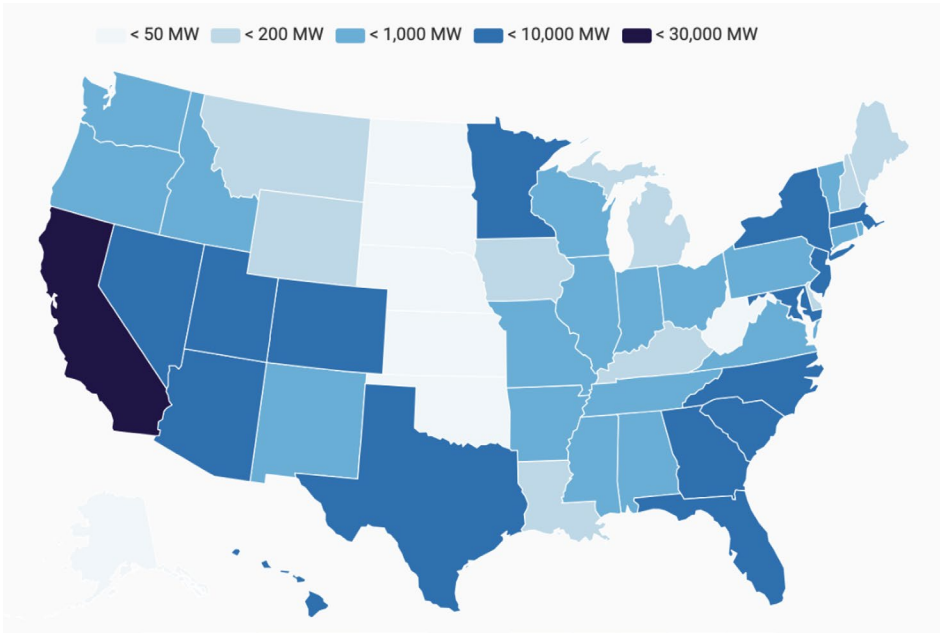
Monetize and Digitalise Operation Assets

- *63% Plant Owner*
- *45+ Speakers*
- *30+ Sponsors*

Check it out here >>



Heat map of confirmed coronavirus cases in the US as of May 7, 2020.
Source: Johns Hopkins Coronavirus Resource Center.



Cumulative US solar installations by state, 2019.
Source: Solar Energy Industry Association/Wood Mackenzie Power & Renewables U.S. Solar Market Insight 2019 Year in Review.

But longer term, there was some concern that social distancing might hamper commercial activities, for example by limiting the ability of salespeople to have face-to-face meetings.

Produced in Association with

PV Operations USA

Monetize and Digitalise Operation Assets

- *63% Plant Owner*
- *45+ Speakers*
- *30+ Sponsors*

Check it out here >>

The big picture

Another staffing issue raised by some respondents is that coronavirus-related layoffs might lead to resourcing problems down the line. According to the Solar Energy Industry Association, 55% of workers in the sector are already laid off or suffering cutbacks.[2]

"Lots of companies are putting staff on unpaid leave," said one respondent. "This could be damaging as they could find other jobs and then there could be a labor shortage. Partial salary is a better solution."

In spite of this, a common theme among respondents was that the current crisis could potentially help drive long-term solar demand by reinforcing the value of sustainable, domestically sourced energy generation. "This is going to create more appreciation for clean energy and renewables," surmised on industry insider.

In the meantime, many solar companies appear to be behaving in a prudent way, watching cashflow, pausing construction plans and pruning O&M practices to save money without affecting performance.

Outlook and conclusions

COVID-19 is quite rightly a concern for the US solar industry. But overall the sentiment among business leaders appears to be that the sector is better placed than most to weather the storm.

The current situation is already causing delays to permitting and construction, which could affect the ability of some projects to take advantage of tax benefits. And in the long run a downturn in the economy is likely to dampen appetite for investment.

Nevertheless, plants that are already operating are functioning more or less as normal—and are likely to continue doing so since they form part of the nation's essential infrastructure. When investor appetite returns, there is a feeling that solar will be seen as a safe bet and will benefit from renewed interest.

"Renewable energy as a whole is likely to see an increase and will continue to outgrow fossil-fuel energy such as coal, oil and gas," said an engineering, procurement and construction contractor. "In the long term, it will not be bad for the industry. It will actually probably be good."

Produced in Association with

PV Operations USA

Monetize and Digitalise Operation Assets

- *63% Plant Owner*
- *45+ Speakers*
- *30+ Sponsors*

Check it out here >>

References

1. Worldometers COVID-19 data, May 7, 2020: United States. Available at https://www.worldometers.info/coronavirus/country/us/.

2. Solar Energy Industry Association, SEIA COVID-19 Industry Survey. Available at https://www.seia.org/coronavirus-information-resources.