## Roth: Sun shines as energy option in state

By <u>Jim Roth</u>, Director and Chair of the Firm's Clean Energy Practice Group. This column was <u>originally published in The Journal Record</u> on August 28, 2017.



Jim Roth is a Director and Chair of the firm's Clean Energy Practice.

## Sun shines as energy option in state

Keeping with last week's <u>solar theme</u>, I recently ran across an Aug. 28, 1982 news article by M.J. Van Deventer that highlighted another bright spot in the booming solar industry 35 years ago in Oklahoma. The article highlighted local, women-run businesses and gave a fascinating insight into these energy pioneers working in the burgeoning solar industry.

"(The Oklahoma Solar Energy Industries) Association records

listed 15 member businesses one year ago, and none had female executives. Today, the association counts 45 state corporations involved with solar. Of the total, at least 15 include women in top executive or management positions."

How about that? Thirty-five years ago, Oklahoma had a nascent, but women-led thriving solar energy industry. This pleasantly surprising realization made me proud of 1982 Oklahoma. And naturally, I wanted to know the history.

In 1978, Congress passed the Public Utility Regulatory Policy Act, or PURPA. Initially, PURPA provided independent energy producers interconnection rights to the electric grid. This general concept is known today as utility deregulation, with the nearest example in Texas.

PURPA also required utilities to buy electric power from such private qualifying facilities at an avoided cost rate. Avoided cost is the marginal cost for a public utility to produce one more unit of power. These developments provided a market for utility-scale applications of photovoltaic electricity and other solar electricity systems as it paid the equivalent to what it would have otherwise cost the utility to generate or purchase that power themselves. Further, utilities had to provide backup electricity — at a fair rate — to customers who choose to utilize residential rooftop PV systems. These concepts were premised on ideas of customer-friendly competition.

However, there is more to how Oklahoma's initial solar industry began to grow. Passed the same day as PURPA, the Energy Tax Act, part of the National Energy Act, had the goal of shifting away from traditional energy dependency toward energy conservation.

It was a response to unstable geopolitical events, namely the 1973 oil crisis and other events. The ETA provided tax credits to homeowners who installed renewables such as solar, wind, or

geothermal. The act also incentivized the production and purchase of fuel-efficient vehicles.

This began a trend that spanned the country and saw individuals investing in safe, reliable, renewable energy. And as you know, some of these concepts have waned, while others have flourished.

So where is Oklahoma's solar industry today? In addition to geopolitical rifts, U.S. politics played a large role in this story. Suffice it to say, these incentives left the White House not long after President Carter due to the Reagan administration's position that renewables should be left to the free market. And famously, the new administration even removed the solar panels that had been installed atop the White House. Over the coming years, the change in policy and attitudes also blunted efforts here at home.

Today, most observers believe that the second coming of solar energy will thrive no matter who occupies the White House, mainly because solar economics have improved enormously. The price of panels, coupled with the rising prices of electricity, create a comparative opportunity for a quicker payback.

Oklahoma's energy blessings of affordable and abundant natural gas, and even cheaper wind energy, make Oklahoma's price for electricity (10.53 cents per kilowatt-hour) one of the lowest in the country (the American average is 13.22 cents), thanks in large measure to our utilities' cost-conscious efforts and cheaper fuel.

This mixed blessing may mean a slower payback for a rooftop installation, compared with a California resident (19.39 cents), but today's technology and our state's solar ratings and libertarian tendencies mean that as an energy option, the sun is definitely shining again.

Jim Roth, a former Oklahoma corporation commissioner, is an

attorney with <u>Phillips Murrah P.C.</u> in Oklahoma City, where his practice focuses on clean, green energy for Oklahoma.