



Business participation signals Arizona's evolution into solar power



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It did not take long for the solar power system installed at the Queen Creek Olive Mill to perform as advertised.

The 50-kilowatt, roof-mounted photovoltaic (PV) system, in operation for about two weeks, offsets up to 60 percent of the mill's energy use, which has cut its monthly utility costs in half, owner Perry Rea said.

"Everything we do at the mill, we try to do as green as possible," Rea said. "Getting your electricity from solar power is probably one of the best ways to do that."

The olive mill is one of 200 Arizona businesses participating in Salt River Project's solar commercial program. Renewable-energy advocates hope it's a sign that the state is finally evolving into - as many, for years, have said Arizona should be - the Saudi Arabia of solar power.

Nationwide, the solar power market in 2010 grew a record 67 percent, to \$6 billion, according to the Solar Energy Industries Association. California was the top state for PV system installations, followed by New Jersey, Nevada and Arizona.

"We have seen increasing demand from

commercial customers for these types of systems," said Lori Singleton, manager of environmental initiatives at SRP. "I think that is driven by a company's environmental ethic, as well as a desire to offset increasing electricity costs that they may see in the future from their utilities."

Alan Bernheimer, spokesman for Tempe-based first solar, said that the U.S. is expected to surpass Germany as the company's largest market in 2011.

"Germany was very forward-thinking a few years back and put in public policies that encouraged the development of renewable power," Bernheimer said. "The government put in a lot of incentives for solar energy, which we're starting to see here. What you've seen in Germany is a vibrant solar market, which is impressive for a country that gets a fraction of the sunlight that Arizona does."

Arizona has taken significant steps in solar

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power-providing infrastructure. Arizona Public Service has five solar plants completed or under development; SRP four. Those facilities are expected to provide enough solar energy to power thousands of homes.

Among the projects expected to be completed in the next three years are the Solana Generating Station and Paloma Solar Plant, both near Gila Bend, which will provide power to Arizona Public Service. First Solar is constructing the Paloma Plant and the Agua Caliente Solar Project in Yuma County. SRP's Copper Crossing Solar Ranch Facility opens in Pinal County.

"We're starting to see some momentum as it relates to solar," Singleton said. "The costs remain high because there has not been much improvement in the technology of converting sunlight into energy. But the technology is evolving, and if you look at the uncertainty in the Middle East and how that affects energy costs, I think you'll see more solar use coming into the state and the Valley."

The technology price tag remains a hurdle in cost-benefits. For homes and businesses, it takes time before a solar-energy system begins paying for itself.

A PV system for a home can run in the tens of thousands of dollars. The system for the Queen Creek Olive Mill costs \$310,000, and Rea said it is unlikely he would have made the investment without SRP and federal incentives and a state tax credit.

"If the federal incentives were not in place, and the state tax credit was not in place, it's a pretty difficult decision to make," Rea said. "It turns a four- or five-year payback into something that is a lot harder to consider."

The cost of the system - which consists of 218 panels of 230 watts each - on the mill's roof cost \$300,330. The mill received a \$112,500 incentive from SRP, a federal incentive of \$90,099 (with eligibility for another \$20,000 in tax credits) and a state tax credit of \$52,000.

"It's the same thing as buying a hybrid car," Rea said. "Yeah, you'll save in fuel costs over your typical four-cylinder (engine), but you have to factor in all of the up-front costs. It's a very simple calculation: You work out the number of miles you drive, and if the savings don't add up over the cost, you don't buy the hybrid."

Bernheimer said that the cost of First Solar's technology has decreased in recent years. It cost \$3 per watt to manufacture a panel in 2004; the price is about 75 cents today, and the company's goal is to drop that figure to 55 cents by 2014.

The Arizona Corporation Commission has mandated that APS provide 15 percent of its power from sustainable resources by 2025. SRP's board of directors has established a similar goal.

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"It's smart policy," Bernheimer said. "Over the life of a solar system, that energy produced is going to be free. And it's not going to be dependent on outside forces like the price of a barrel of oil or the political situation halfway around the world."

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