US Solar State Market Policy Landscape

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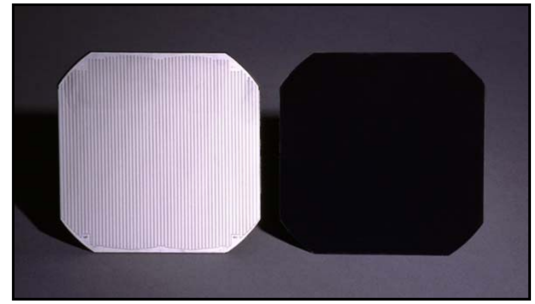
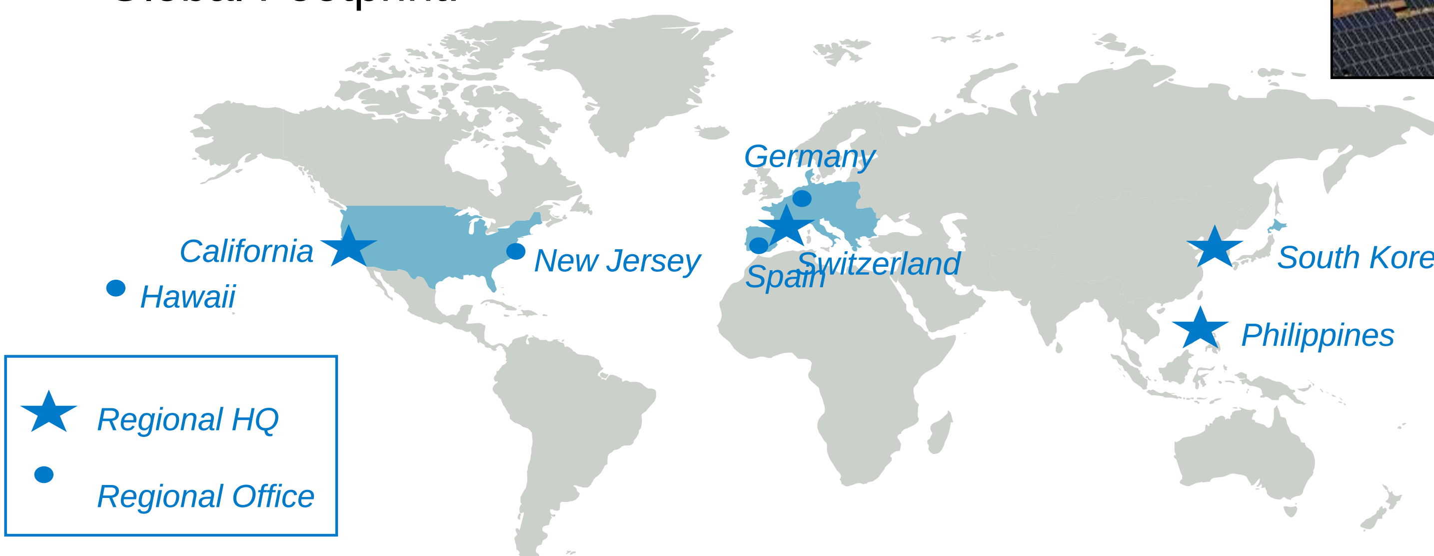
Corporate Overview

- Incorporated in 1985
- HQ in Silicon Valley, California
- Nasdaq: SPWRA - $6+ billion market cap
- Manufacturing: Philippines, US
- Highest-performing solar electric systems worldwide
- Deliver most energy/m2
- Global Footprint:





Grid Connected PV Applications

Residential Retrofit

New Production Homes

Commercial & Public

Power Plants

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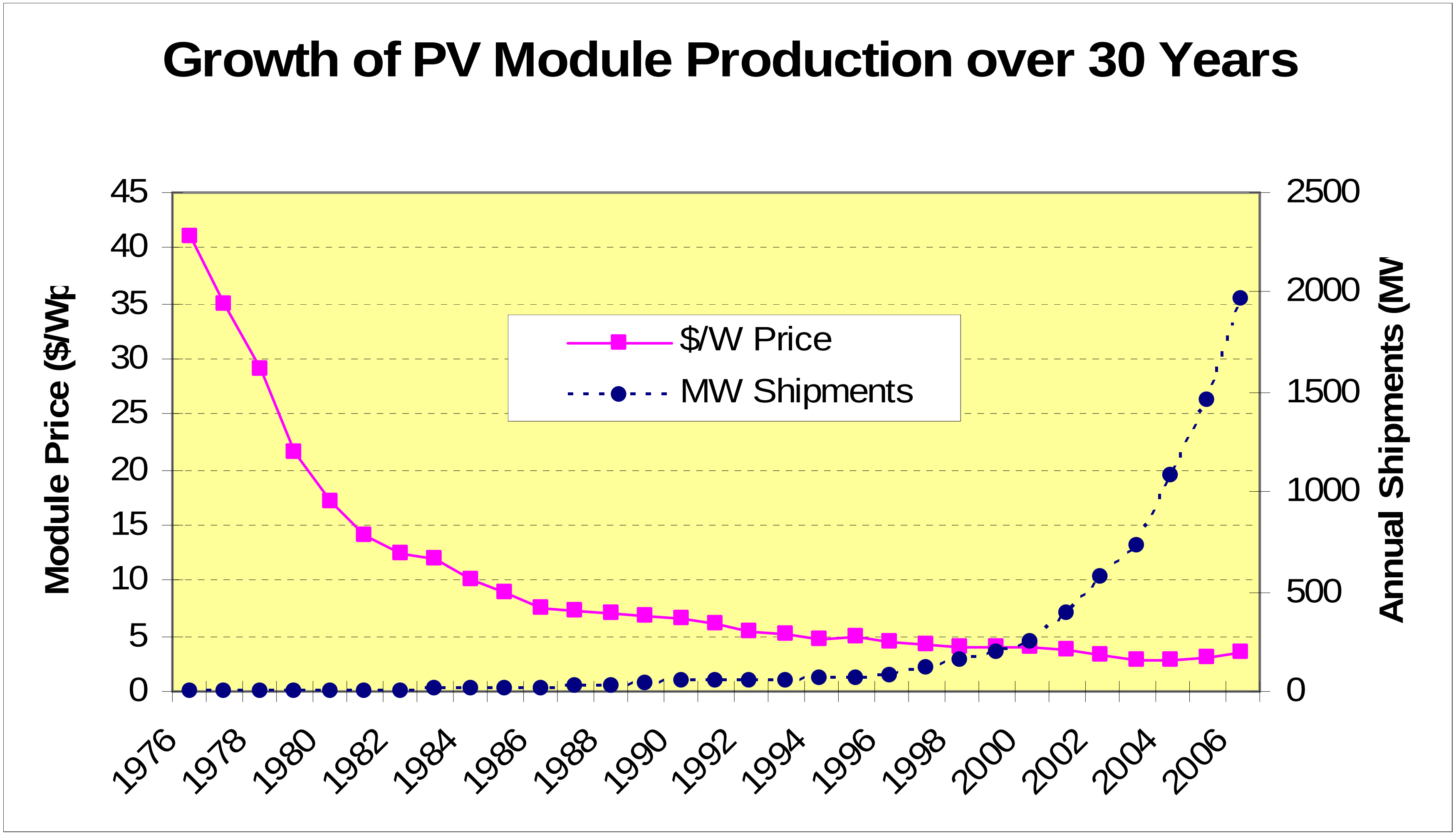
PV prices have fallen 10x in the last 25 years



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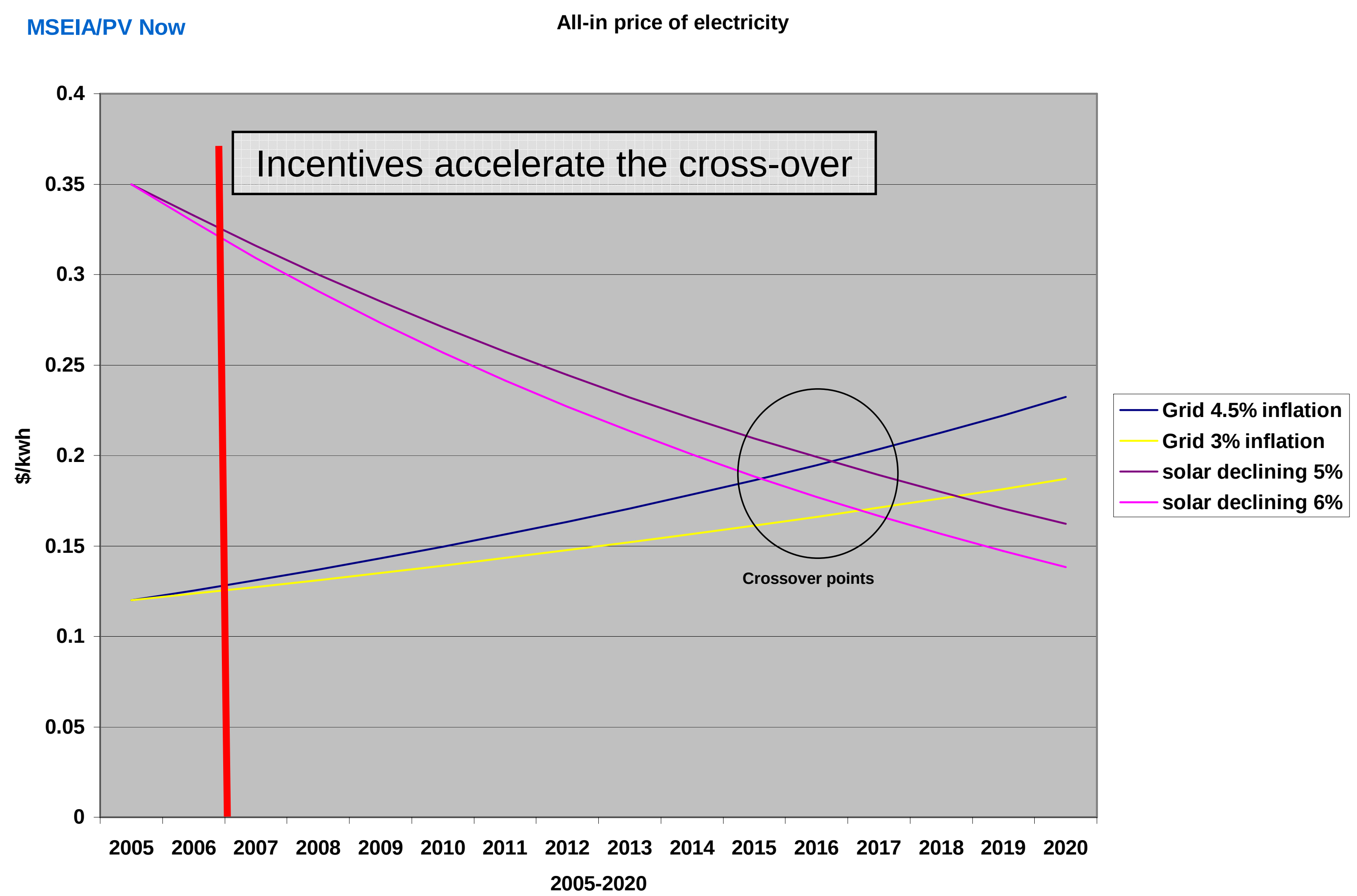
Reaching "Grid Parity"



Newly passed federal 30% ITC extension should bring us to grid parity over its eight years

The New York Times

Energy Dept. Goes Green

A 205-kilowatt photovoltaic solar array was unveiled Tuesday on the roof of the Department of Energy's main building. Officials said the system at the Forrestal Building would generate about 200 megawatt hours of energy a year, up to 8 percent of the building's electricity load.

CHIP SOMODEVILLA/GETTY IMAGES

In the meantime, State Policy bridges the additional gap for cost-effective project development

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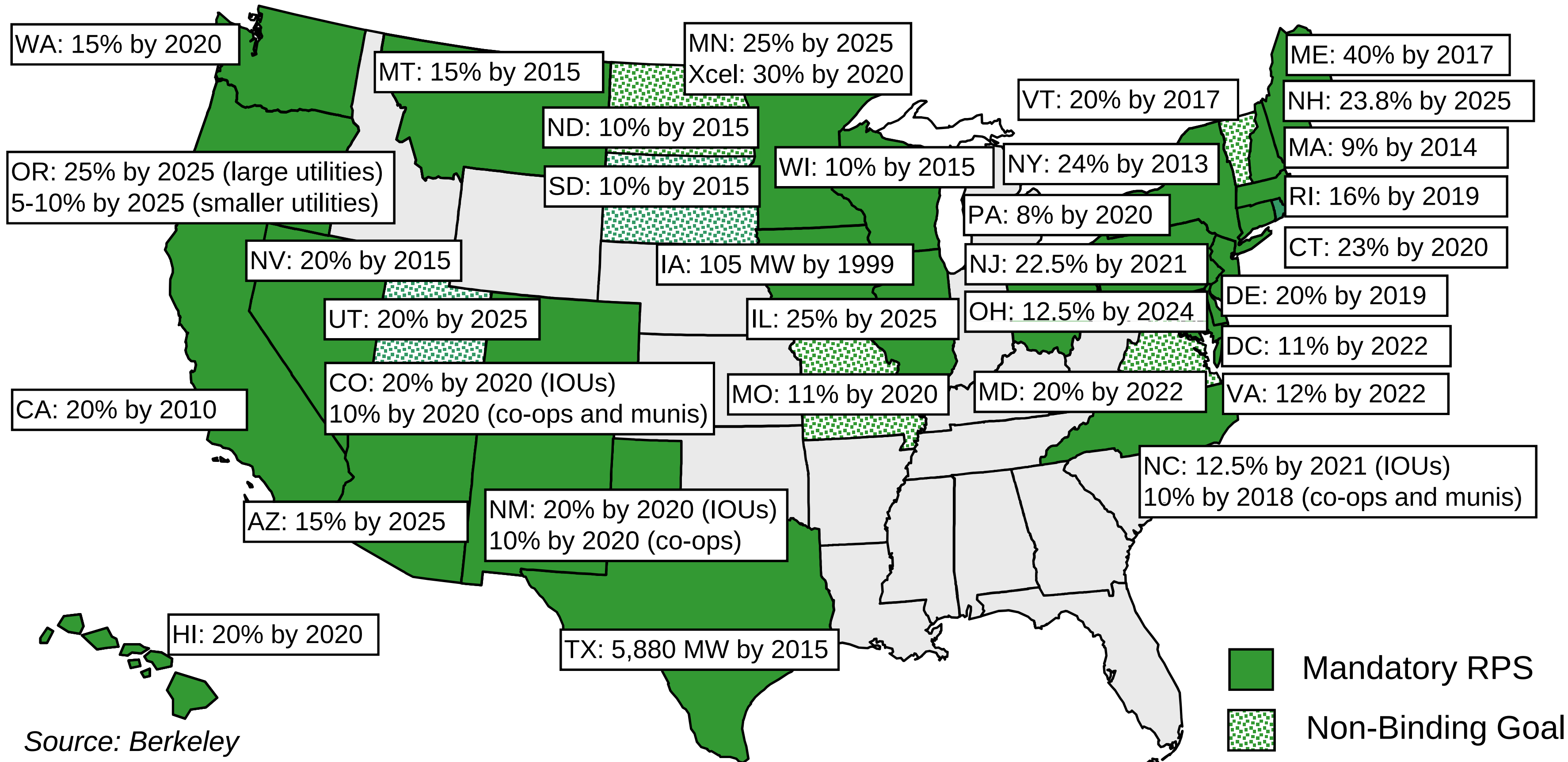
States have been Main Driver - RPS Policies Exist in 26 States and D.C



Source: Berkeley Lab

Most policies established through state legislation, but some through regulatory action (NY, AZ) or voter-approved initiatives (CO, WA)

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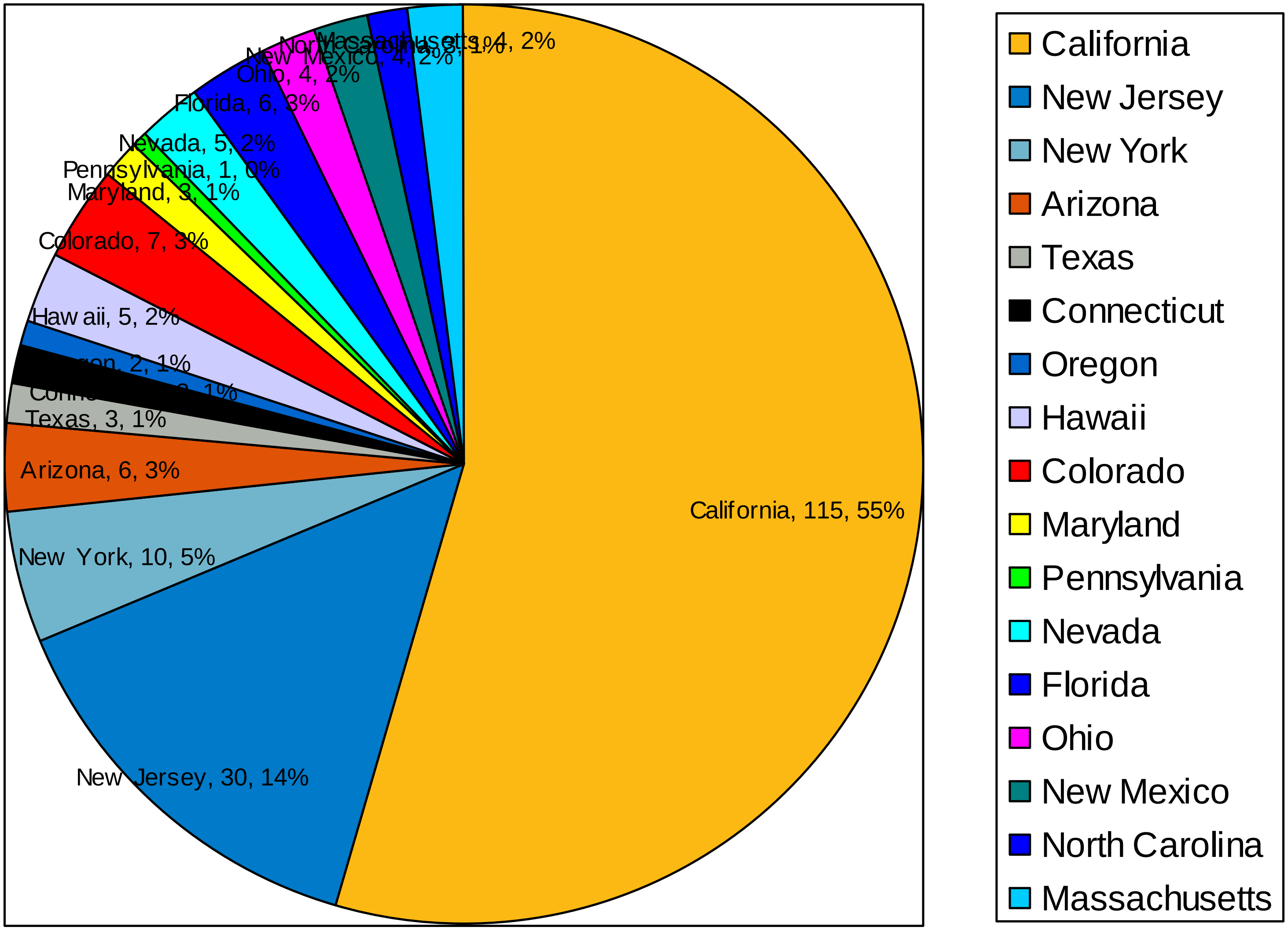
Only a few state w/RPS solar set asides - Forecast >250kW, Non-Utility = ~210 MWs – *IF* full compliance



- Data estimated from SolarBuzz, Navigant, RPS target data
- Assumes ITC Extension passes, does not include any potential Federal initiatives beyond ITC
- Projections exclude large utility sales and systems less than 250 kW

However, for 250 kW+ Solar Projects Only a Handful of States With Solid Economics

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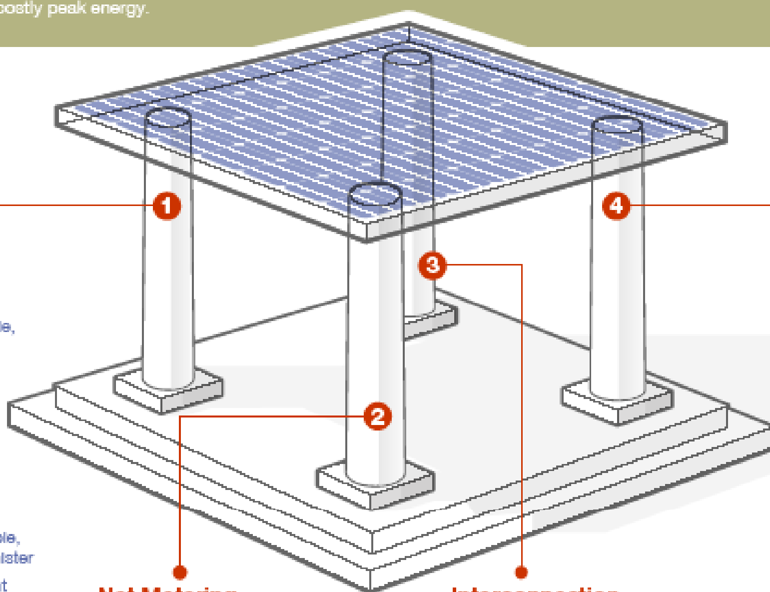
Pieces of the Policy Puzzle that Must Be in Place

THE FOUR PILLARS OF COST-EFFECTIVE SOLAR POLICY

Any state can develop a world-class solar market, strengthening the local economy and environment, increasing grid stability, and reducing dependence on costly peak energy.



Incentives
- Encourage business growth and investment with large-scale, long-term programs
- Tie incentives to system performance
- Reduce incentives over time as the market grows and prices decline
- Support a broad range of system types and sizes
- Make incentive programs simple, transparent and easy to administer
- Coordinate policy development with stakeholder groups
- Demonstrate program effectiveness with reliable, rigorous analysis
- Publish timely, comprehensive and consistent data on installed systems
- Recognize the environmental attributes of solar production

Net Metering
- Treat clean, on-site power the same as customer efficiency investments
- Allow net-metered systems up to 2MW
- Permit significant deployment
- Eliminate special fees
- Establish "rollover" provisions

Interconnection
- Keep fees fair and proportional to project size
- Allow systems up to 2MW per FERC Order 2006
- Make rules transparent, uniform, detailed and public
- Plug-and-play rules for residential, expedited procedures for other systems
- Process applications quickly
- Standardize and simplify forms

Utility Rates & Revenue Policies
- Decouple utility profits from revenues to encourage efficiency and on-site generation
- Align utility shareholder and customer benefits resulting from utility solar investments
- Encourage rate structures that align peak retail and wholesale costs
- Eliminate "volume discounts" that discourage efficiency
- Include a commercial rate plan that exchanges low or no demand charges for higher energy charges
- Provide a range of rates that incentivize efficiency and peak reductions
- Allow customers to choose a solar-friendly rate

The Solar Alliance

More details and sample policies can be found at www.solaralliance.org

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Near-term Targeted States

Priority Tier	State	Timing	Comments
1	CA	Now	1 MW Cap Per Site
1	NJ	Now	2 MW Cap Per Entity Per Year
2	AZ	2009	Utility bidding process
2	MD	2010	Slow RPS Ramp Up
2	OH	2010	Program Under Development
2	TX	2010	Program Under Development
2	NY	2010	Program Under Development
3	CT	Now	Policy Limitation - 200 kW
3	MA	2009	Policy Limitations
3	OR	2009	Tax Appetite Necessary

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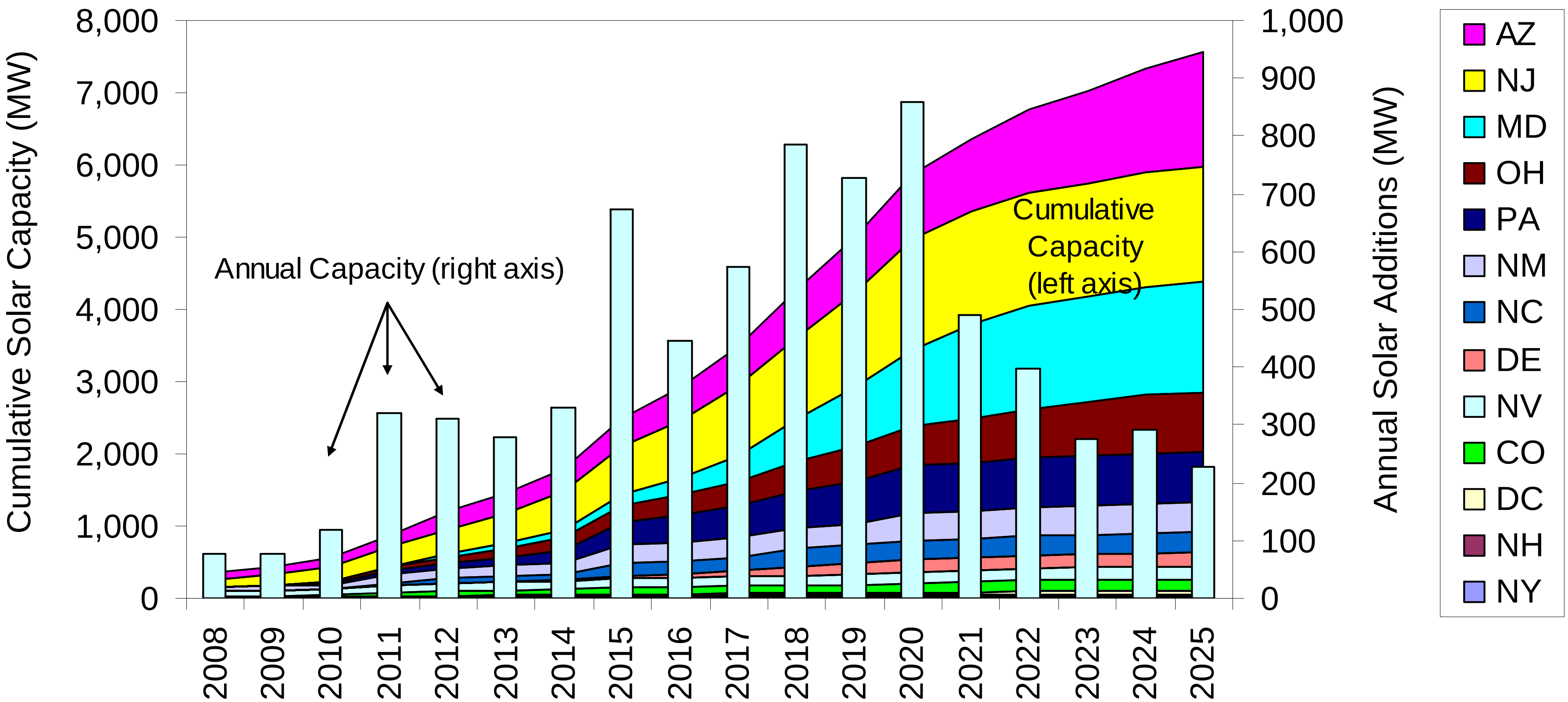
Future Impacts Are Projected To Be Substantial, If Full Compliance Is Achieved

- 560 MW required by 2010, growing to 7,550 MW by 2025
- $45 billion of business in the limited solar set-aside states



Ref: Lawrence Berkeley National Laboratory

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What Do We Need to Do?

1. Drive state policy that addresses the 4 pillars of solar policy
2. Push for multi-year programs for a bridge to grid parity
3. Elect federal and state officials that support solar
4. Continue to innovate to reduce price and increase value