RAÚL M. GRIJALVA OF ARIZONA
CHAIRMAN

DAVID WATKINS
STAFF DIRECTOR

ROB BISHOP OF UTAH
RANKING REPUBLICAN

PARISH BRADEN
REPUBLICAN STAFF DIRECTOR

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

May 6, 2019

Mr. Jim Lamon
CEO
DEPCOM Power
9185 E Pima Center Parkway
Suite 100
Scottsdale, AZ 85258

Dear Mr. Lamon,

Thank you for testifying before the Committee on Natural Resources, Subcommittee on Energy and Mineral Resources on Tuesday, April 30, 2019 at the hearing titled, *"Public Lands and our Clean Energy Future."*

As a follow-up to your testimony, please find enclosed additional questions submitted by members of the Subcommittee for inclusion in the final hearing record. Please provide your written responses to: Sarina Weiss, Subcommittee Clerk, no later than Tuesday, May 14, 2019. Committee Rule 3(o) requires responses within 10 business days of the hearing.

We appreciate your time and insight and are grateful for your contribution to the Subcommittee's work. Should you have any questions, please contact Sarina Weiss, Subcommittee Clerk, at (202) 225-6065 about this request.

Sincerely,

Alan Lowenthal

Alan S. Lowenthal
Chair
Subcommittee on
Energy and Mineral Resources

Enclosures: Questions for the Record

Questions for the Record

Questions from Rep. Levin (D-CA)

1. Mr. Lamon, I'd like to ask you about the solar tariffs put into place by the Trump Administration. As I know you are aware, these were the tariffs that went into effect in January of last year on imported solar cells and modules. The tariffs are scheduled to last for four years. I understand that you have been opposed to these tariffs from the start, is that correct?

2. Now that the tariffs have been in effect for a year, what has been the impact on your company?

3. What impacts have you seen across the entire solar industry? Do you think the tariffs have helped or hurt the solar industry overall?

4. What impact did these tariffs have on the competitiveness of solar projects in the market, and what impact might that have on electricity prices for consumers?

1.) Yes, we were opposed to the 2018 tariffs as they were a potential hinderance to the growth of utility solar power. However, the tariffs subsequently proved to have only a temporary impact; pushing utility solar power plant financing from 1Q18 (due to tariff uncertainty) into 2Q18. According to industry data, 2018 saw eight (8) GigaWatts of utility solar installed; approximately the same as in 2017 and the same as anticipated in 2019.

The impact was only temporary, as power purchase agreement (PPA) orders were filled versus allowing them to expire. Module prices rose only moderately as China's government curtailed subsidies on their own utility solar projects in 2Q18, enabling an influx of global and US manufactured modules to become available to the US market, thus partially offsetting the impact of the tariff.

2.) The tariff impact, as noted above, proved to only be temporary and was contained in 2018 calendar year. The cost of the tariffs was offset in part, by the timely reduction in module pricing (market forces noted above). Further offset occurred with the ever-increasing innovation in this industry, as well as the continuous increase in module efficiency (higher electrical output). The balance of the tariff cost was absorbed through reduced operating margins by the other entities that participate in the utility solar power value chain, namely the developers, the contactors (like DEPOCM Power) and the plant owners.

3.) The tariff impact, as noted above, proved to only be temporary and was contained in 2018 calendar year. Our corporate operating margins were reduced by approximately $2M due to the financing delays in 1Q18 (during uncertainty around the tariffs).

According to the Solar Energy Industries Association (SEIA) 9,000 jobs were lost or not created in 2018, but this appears to been contained to calendar year 2018. SEIA notes that the solar industry still employs 250,000 Americans. Their forecast is that the industry is back on pace in 2019 for a total of 8 GigaWatts to be installed.

4.) The cost of the tariffs, as noted above, were borne by the module suppliers, the developers, the contractors and the power plant owners. The ratepayer did not feel in the impact, in that the PPA are negotiated years in advance. Each of the entities involved, tightened their margins to fulfill the PPA orders, vs allowing them to expire.

At most, the tariffs seem to have caused a one-year lag in the cost curve reductions in utility solar power. Utility solar power PPA's in 2019 are still priced below gas, coal and nuclear according to Lazard Research (independent firm), from operating data for all forms of US power plant generation operating assets.