



Two recent announcements seem to offer reason for good cheer on the renewable energy front. But in each instance, it pays to read a little deeper and maybe keep the cork in the champagne a bit longer.

The first came in the form of a California Public Utilities Commission [report](#) that concluded that there are enough proposed renewable energy projects floating around to more than meet the state's most ambitious targets. As of now, the state requires that its utilities use renewable energy to provide at least 20 percent of their delivered power by 2010, and many officials are pushing for a target of 33% by 2020. The Commission found that all of the currently-proposed projects, if added together, total 24,000 megawatts, which would more than meet the 33% goal. That's great news, but most of those projects are barely beyond the idea stage. According to the report, at p.2, the 24,000 MWs represent the responses received to the utilities' 2008 project solicitations.

By definition, not all of these will be built. After the utilities receive the solicitations, they create a short list of promising projects and then negotiate with some of those on the short-list. If they reach an agreement, the parties submit the contract to the CPUC for approval. If it is approved, it might find financing and if financed, it might be built. We can and should get to 33%, but the new report is a long way from proof that we will.

The second piece of good news came in the form of a new [report](#) on the cost of photovoltaics from the Lawrence Berkeley National Laboratory. which found that the average cost in 2007 dollars for installed photovoltaics systems declined from \$10.5 per watt in 1998 to \$7.6 per watt in 2007. Great news, again.

The fly in this particular ointment? Well, there are actually two of them. First, the report found that the reduction was primarily related to the cost of installation — not the cost of the solar cells, themselves. Since the installation cost will never approach zero, that means something has to give on the manufacturing side before photovoltaics can become cost-competitive. It is good news that the cost of cells remained steady during a time when some material costs went up, and there are lots of ideas about how to produce cheaper cells. But we aren't there yet, and there is scant evidence that ambitious incentive programs are leading to manufacturing economies of scale. The other fly in the ointment is in the form of a modest piece of history. In 1980, the Office of Technology Assessment stated the goal of bringing the installed cost down to \$1 per watt by 1988. Even adjusting for inflation, we

still have a ways to go.