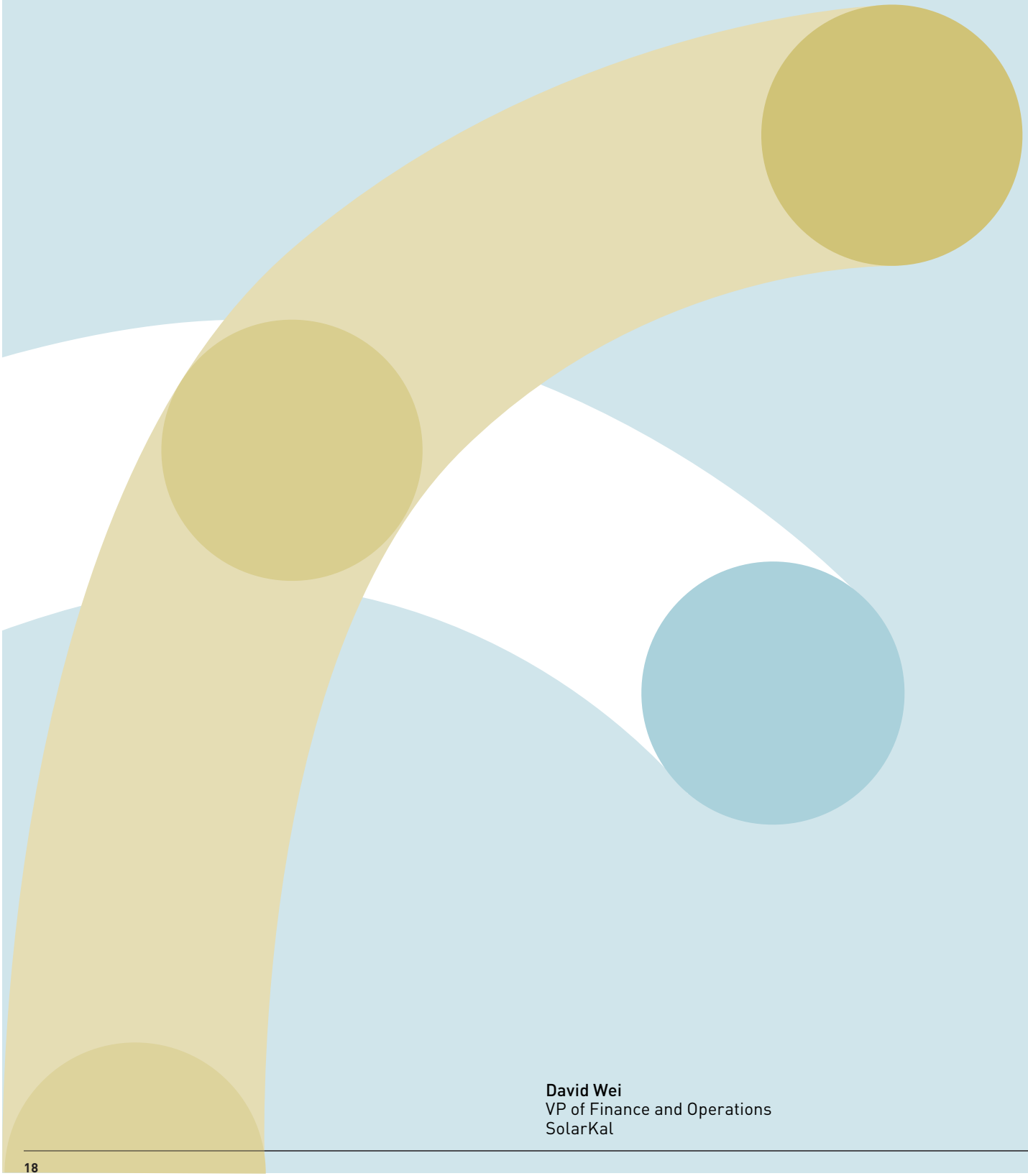
US SOLAR IN 2025



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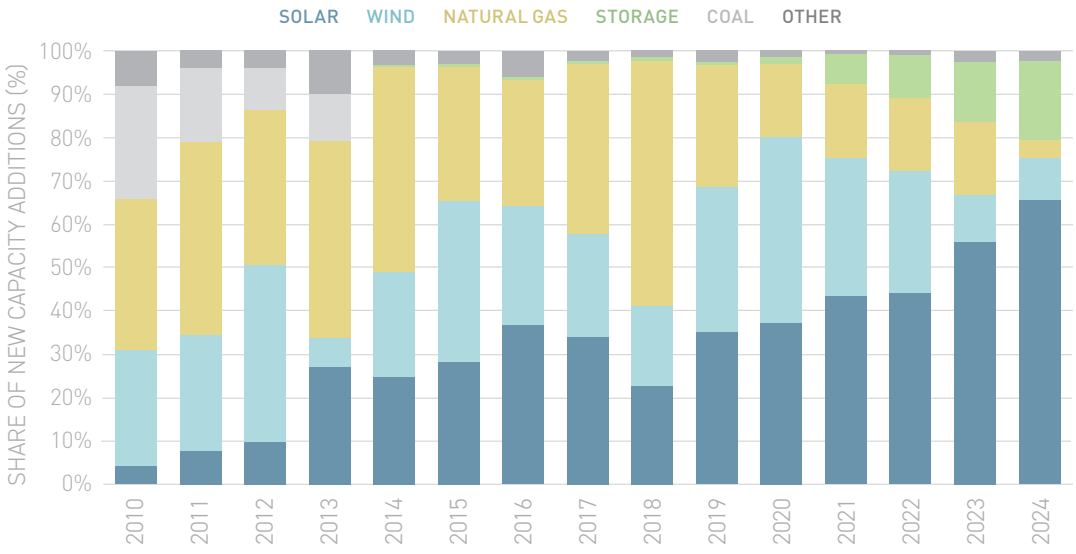
The commercial solar landscape in the US is shifting—driven by new policies, evolving incentives, and rising investor interest. So what's new, what's next, and what matters most for the future of solar?

SOLAR'S STRONG FUNDAMENTALS IN THE US

For international real estate investors with assets in the US, solar in 2025 represents both a hedge and a high-return opportunity. Despite political noise, the core fundamentals remain unchanged: Solar is cheap, the market share winner, fast to deploy, and increasingly supported across the political spectrum with high durability.

Solar is the fastest-growing energy source in the country, capturting (with storage) a staggering 81.5% of all new electricity capacity added to the grid in 2024. Despite this momentum, solar still accounts for only about 5% of total generation — leaving significant room for growth as both industry and government projections target solar reaching about 40% of the US energy mix by 2050.[1]

EXHIBIT 1: NEW US ELECTRICITY-GENERATING CAPACITY ADDITIONS, 2010–24



Source: Solar Energy Industries Association

This strong outlook is driven by two fundamental forces: (1) **the accelerating demand for energy** and (2) **compelling economics.** Solar is now the most cost-effective source of unsubsidized energy, with panel prices having steadily declined over decades thanks to global economies of scale.

Yet with the new administration, under President Donald Trump, the strong underlying fundamentals for solar are currently experiencing elevated levels of headline risk. Fortunately, that risk has yet to bleed into significant formal changes to solar economics.

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SOLAR IS PRESIDENT TRUMP'S BEST OPTION

President Donald Trump wants to "unleash" American energy, but his plan relies on a twentieth-century playbook.

By creating the National Energy Dominance Council, imposing a moratorium on federal support for many renewable energy projects, supporting expanded oil and gas leasing and drilling, and lifting liqiod natural gas (LNG) export moratoriums—all under the banner of a "national energy emergency"—Trump is doubling down on fossil fuels. The message is clear: To meet rapidly rising electricity demand and lower costs, this administration is looking to oil and gas and putting renewables in limbo.

This approach is bypassing the most obvious and ready solution: solar.

If Trump's true goal is US energy dominance, his administration needs to support solar first by affirming the investment tax credits and benefits, reforming the interconnection process to speed up grid connections, and maintaining key elements of the Inflation Reduction Act, especially as it relates to credits and their transferability.

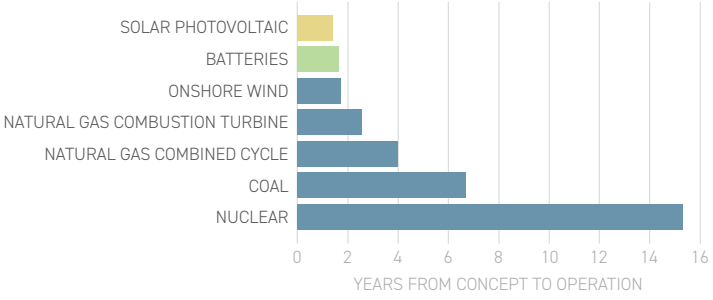
The great news is that this support largely doesn't require anything "new"—just the wherewithal to maintain the status quo. Chevron CEO Mike Wirth noted recently, "Swinging from one extreme to another is not the right policy approach. We have allocated capital that's out there for decades, and so we really need consistent and durable policy."[2]

Policy stability is critical for all capital projects, and US energy infrastructure is no different. If solar can maintain the status quo, it can and should be the right solution for the country's grid.

Here's the pitch for solar under President Trump:

1. **Solar is American.** Solar energy is generated right here at home, using a source that's free, unlimited, and immune to global supply shocks. Domestic production has skyrocketed to meet demand, and the Inflation Reduction Act has supported an acceleration with tax credit bonuses for US manufacturing.[3]
2. **Solar supports US jobs.** The industry employs more than 250,000 Americans, including 34,000 manufacturing jobs—a figure expected to triple by 2033.[4]
3. **Solar is the cheapest.** Solar is now the most cost-effective source of unsubsidized energy, with panel prices having steadily declined over decades, which is why solar has been the incremental market share winner of all electricity sources, making upward of 80%[5] of all generation added last year.
4. **Solar is the fastest source to add.** Solar (41%) and battery storage (40%) are the supermajority of the active interconnection queues across the country, with natural gas at just 3%.[6] If you want more production to the grid sooner, solar is ready. Ramping up natural gas plants will take much longer. (Exhibit 2[7])

EXHIBIT 2: AVERAGE US POWER PLANT DEVELOPMENT TIMELINE



Source: Solar Energy Industries Association

SOLAR IS INCREASINGLY BIPARTISAN

NextEra CEO John Ketchum discussed the contrast between solar and gas in a recent article from CERAWeek[8]:

"To get your hands on a gas turbine and to actually get it built across the market, you're really looking at 2030, or later"—with the next nuclear plant potentially in 2031 or 2032.

This leaves solar as the primary near-term solution. Ketchum, who is uniquely qualified to comment on the subject, given how NextEra has built the most gas-fired generation over the last two decades, said, "renewables are ready to go right now because they've been up and running."

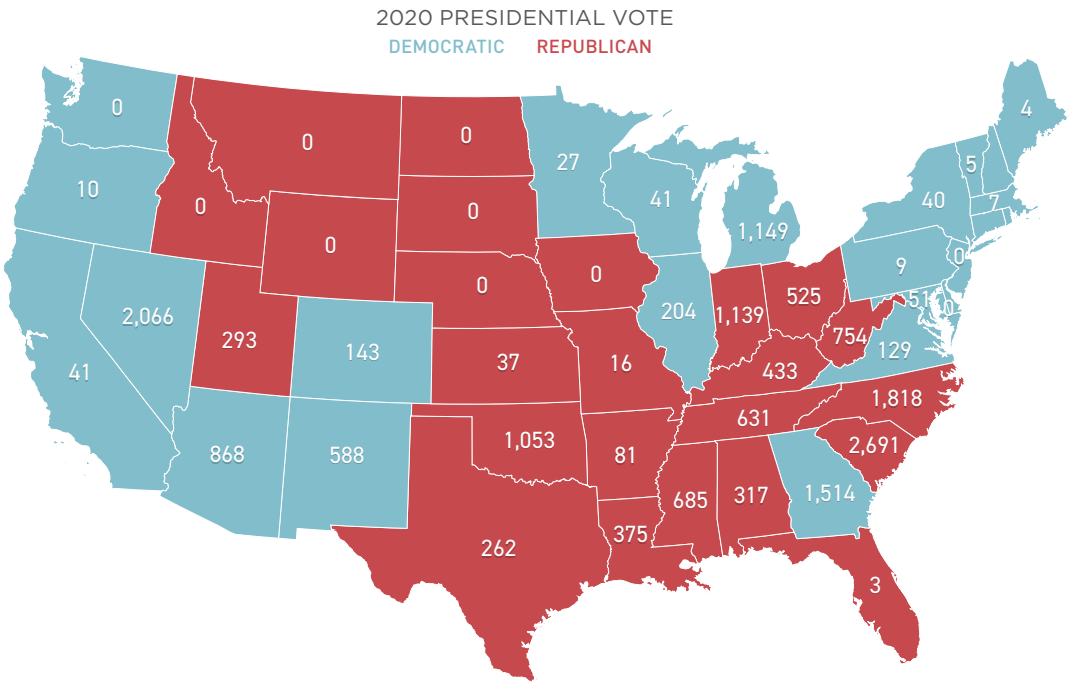
Moreover, members of Trump's own party have publicly acknowledged the solar path forward. In Spring 2025, twenty-one House Republicans and four Republican Senators signed letters defending the IRA's clean energy tax incentives and voicing opposition to repeal efforts. Yet in the weeks since, many of those same House members backed a GOP-led budget that included deep cuts to those very programs—highlighting the shifting political dynamics and the tenuous nature of support. Still, that earlier defense, along with public backing from Senators Lisa Murkowski (AK), Jerry Moran (KS), Thom Tillis (NC), and John Curtis (UT), reflects the growing recognition that clean energy investment is an issue with increasing bipartisan support. As of this writing in May, the debate in Washington remains fluid, but the economic momentum behind solar—especially in red districts—continues to complicate any efforts to unwind the IRA outright.

The data underscores why: Eight of the top ten congressional districts seeing the largest solar investments since the IRA's passage are Republican-held. As shown in *Exhibit 3*, these districts have attracted between $721 million and $1.1 billion in actual investments each.[9] IRA-driven disbursements also follow this trend, with Republican districts benefiting disproportionately from new funding and job creation — making any attempt to unwind the legislation politically risky for GOP lawmakers.

The solar industry—even with this GOP support—is still sensitive to headline risks. In fact, 84% of investors and 73% of developers would decrease their investments if there is lingering uncertainty around the tax credits and the IRA.[10]

EXHIBIT 3: RED STATES BENEFITING THE MOST FROM THE IRA

Dollar value of Inflation Reduction Act projects per capita, 2022–24



Source: Green Energy Times

LATEST ON SOLAR ECONOMICS

There are three additional major factors that could potentially alter solar economics in 2025: higher electricity rates, tariffs, and domestic content manufacturing.

Electricity Rates

Driven by an explosion in demand and stable supply, the US EIA is forecasting that wholesale power prices will rise across most regions of the country at an average of about 7% year over year (the long-term historical average is 2% to 3%)

The higher the electricity rates, the larger the benefit is for solar owners, as avoided costs are the primary source of returns.

Tariffs

In 2024, approximately 80% of the 54GW of solar panels installed in the US were imported from Cambodia, Malaysia, Thailand, and Vietnam—countries now directly impacted by the US Department of Commerce's final ruling on antidumping (AD) and countervailing duties (CVD) announced on April 21.[11] While enforcement awaits a June determination by the US International Trade Commission, the immediate effect is moderated by a reported 40GW stockpile held by US installers—nearly a full year's supply.[12]

Still, commercial real estate investors should prepare for a potential uptick in project pricing due to compounded tariff effects, including additional steel and aluminum duties that could disproportionately affect carport structures. Fortunately, with solar panel hardware representing just ~20% of total system costs, the overall impact on system economics may remain modest in the near term—especially as US domestic manufacturing ramps up to fill the gap.

Domestic Content

The US is now the third-largest module producer in the world, and it happened fast — domestic production skyrocketed from 7GW in 2020 to 56GW of capacity today. According to SEIA, at full capacity, "these factories can produce enough to meet all demand for solar in the United States"—an amazing feat.

An increased supply of domestic content panels means solar consumers can take advantage, as these systems may qualify for an additional 10% tax credit-adder (40% total in tax credits).

To earn the additional credit, a project must use certain percentages of steel, iron, or manufactured products that were mined, produced, or manufactured in the US. This includes solar panels, racking, and inverters. Some domestic components come at a premium, which must be weighed against the additional tax credit and potential return on investment.

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WHAT THE MARKETPLACE SHOWS

SolarKal's marketplace, which includes approximately 200 vendors, offers a snapshot of current conditions in the solar industry. Drawing from a broad dataset, it reflects observable trends and patterns across the vendor landscape.

Josh Newell, SolarKal's Senior Vice President of Project Delivery, shared: "Our RFPs are coming back unchanged. Bids for Q1 2025 are showing lease rates and EPC prices in line with Q4 2024, and we're continuing to see strong bid participation. Developers are still actively bidding, and there's been no sign of softening across our active project pipeline, despite the broader macroeconomic backdrop."

That said, Newell noted that a handful of vendors are taking a more conservative approach when underwriting ITC adders for third-party lease rates, anchoring closer to the base 30% credit considering ongoing political uncertainty.

STILL COMPELLING

If the Trump administration is serious about achieving true American energy dominance, it must stop treating solar as an afterthought and start embracing it as the cornerstone of our energy future. Solar is not a partisan technology—it's a pragmatic solution. It's fast, cheap, homegrown, and already delivering economic and job growth across the country.

With rising electricity rates, robust domestic manufacturing, and the potential for enhanced tax credits, solar installations can meaningfully improve net operating income while boosting asset value. And with leasing structures and third-party financing widely available, property owners can unlock these benefits with minimal upfront cost.

Uncertainty is not the same as risk. The US solar market continues to be one of the most attractive global investment environments if you move early, understand the policy landscape, and partner with experienced advisors. Now is the time to act before the window of optimal incentives begins to narrow.

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ABOUT THE AUTHOR

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NOTES

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