

# New York State Distributed Solar Industry COVID-19 Impact

## NYSEIA Survey Results

May 2020

# About NYSEIA

- NYSEIA is the only statewide membership and trade association solely deployed to advancing solar energy deployment and use in New York State.
- Founded in 1994, NYSEIA represents more than 100 member firms employing 3,000 workers across the entire spectrum of sizes, market segments and geographic locations in New York
- NYSEIA members and leadership drive policy initiatives towards achieving significant, long-term and sustainable growth of solar energy in New York.
- NYSEIA represents the New York State solar industry in stakeholder proceedings and discussions with legislators, regulators, utilities and general public.



Source: BQ Energy

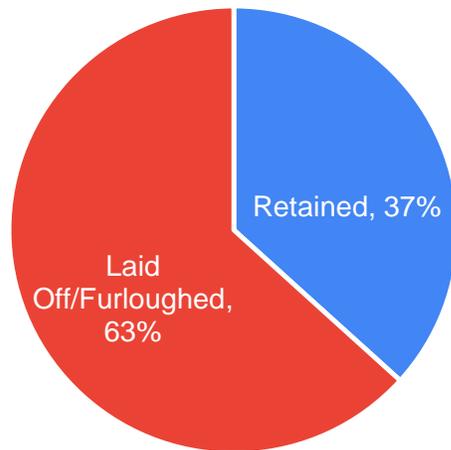
# About the New York Solar COVID-19 Impact Survey

- NYSEIA surveyed the New York State solar industry from April 24 to May 8 regarding the economic impacts of COVID-19.
- 78 organizations completed the survey, including NYSEIA members and non-members.
- The survey consisted of 40 fields, primarily multiple choice, along with open comment questions.
- Respondents were primarily distributed solar (5 MW-AC or smaller) installers and developers, consistent with NYSEIA member demographics; 69% of respondents are headquartered in New York State (NYS).

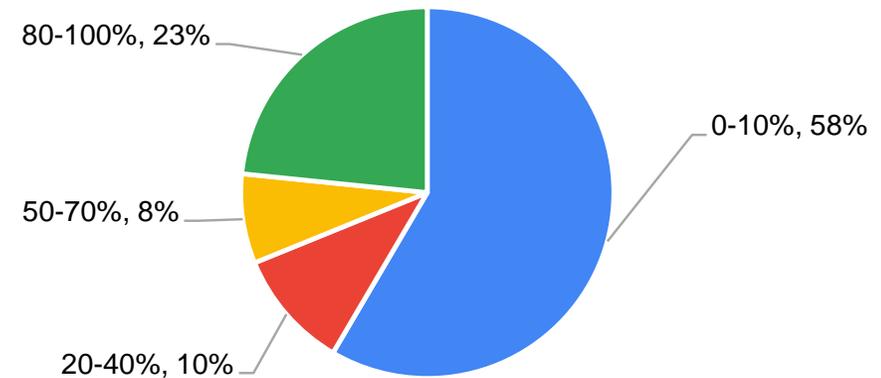
NYSEIA intends that the results of this survey will help guide industry leaders, advocates, NYS administration, agencies and legislators in their decision-making to set up the New York solar sector for a strong recovery from the devastating impact of COVID-19 on solar firms, their employees, and solar deployment volumes.

# 1. March-May Workforce/Compensation Reductions

How many New York State solar employees has your company laid off or furloughed since March 1, 2020?



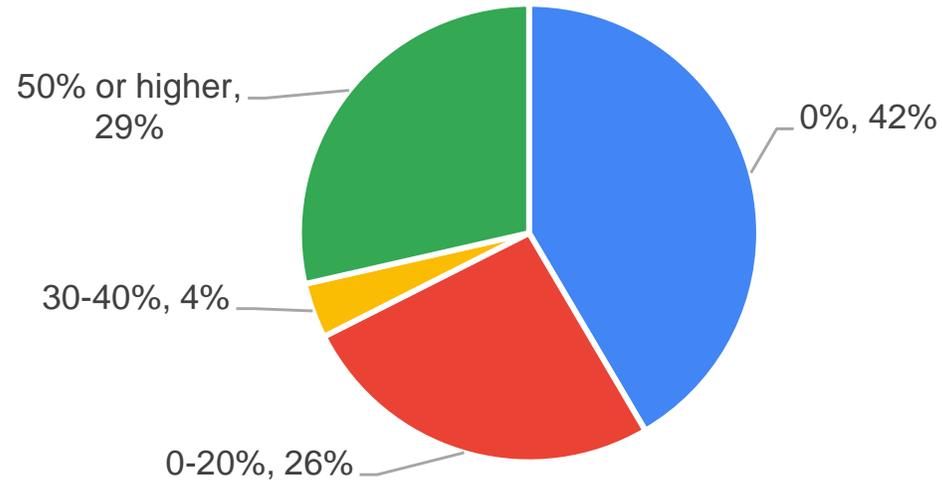
What percent of your remaining New York State solar employees have reduced work and/or pay?



- In aggregate, 63% of the workforce of surveyed firms has been laid off/furloughed since March 1.
- Extrapolating to New York's total solar workforce of 10,740 as of 2019-end, this equates to approximately 6,800 lost solar jobs.
- 42% of respondents also indicated reduced work/pay of 20% or higher for retained employees.
- 23% indicated severely reduced work/pay (80% or higher) for retained employees.

## 2. Expected 2020 Workforce Reductions

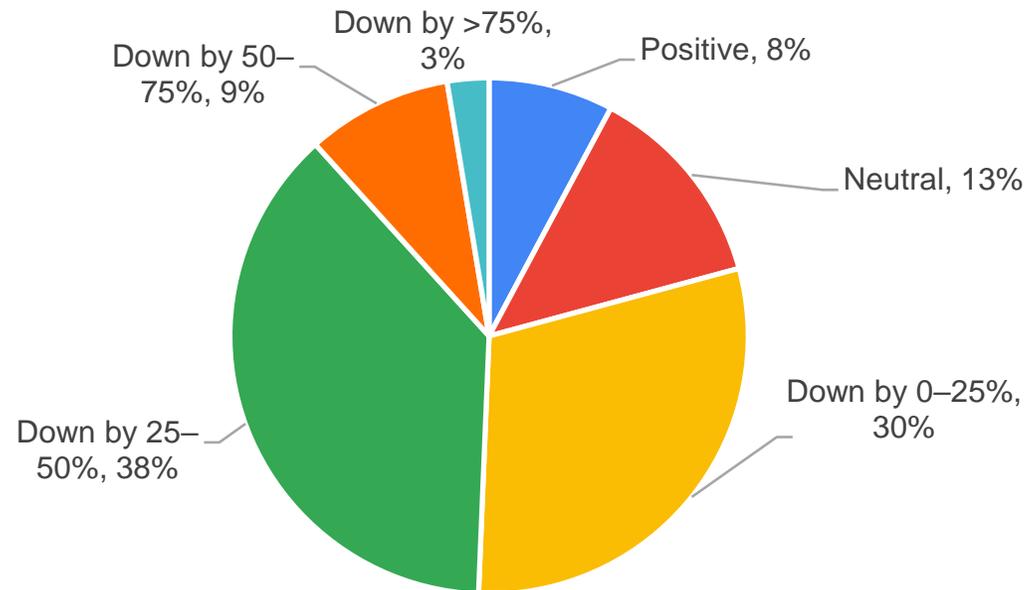
What percent of your workforce employed as of March 1 do you anticipate laying off or furloughing due to COVID-19 impacts in 2020?



- Overall, 58% of respondents anticipate laying off/furloughing employees in 2020 due to COVID-19.
- 33% of respondents expect to lay off/furlough more than 30% of their workforce due to COVID-19.
- One-third of respondents that expect no overall layoffs/furloughs have already reduced headcount and/or reduced work/compensation, but are expecting to rehire those employees by end of 2020.

# 3. Expected 2020 Revenue Impact

How do you expect your 2020 revenues to be impacted by COVID-19 if allowed to resume normal operations by mid-June?



- Almost half (49%) of respondents expect 2020 revenues to be down by 50% or more due to COVID-19 and subsequent PAUSE Order.
- Phase 1 reopening of six NY regions for construction as of May 20 is expected to provide mitigation; however, as of May 20, key residential and small commercial markets (New York City, Long Island, Mid-Hudson) continue to be closed, dampening prospects for firms in these regions.

## 4. Business Liquidity/Solvency

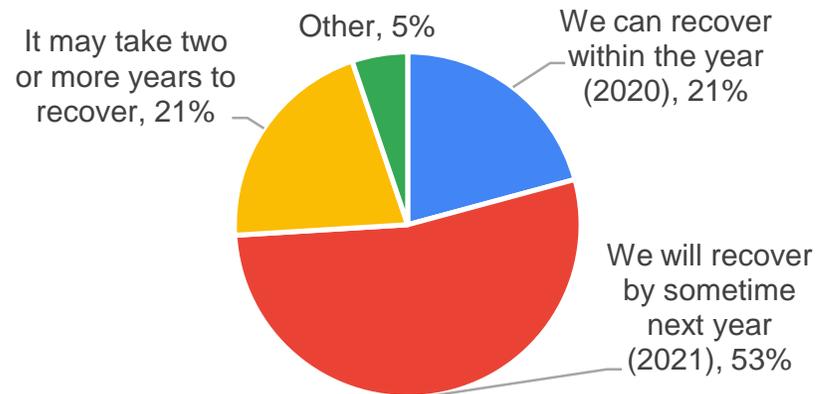
If the PAUSE order is extended beyond mid-May, how many more months can your business continue to operate?



- Most NYS solar firms are small and medium businesses that have limited ability to withstand significant erosion of revenue.
- 54% of respondents indicated their firms do not have sufficient liquidity to operate beyond 6 months if the PAUSE Order is extended beyond mid-May, raising concerns for firms located in NYC and Long Island, the two regions farthest from meeting reopening requirements.

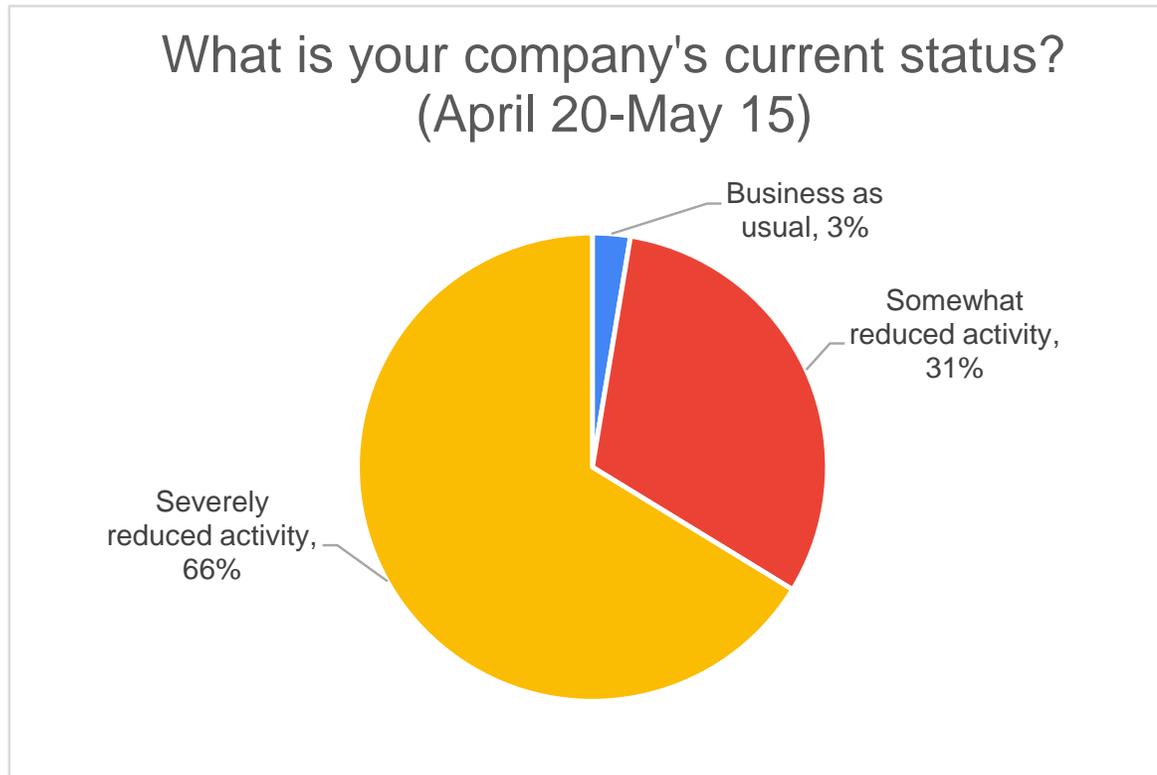
# 5. Recovery Timeline

How long do you estimate it will take your business to recover from the impacts of COVID-19 if you lose two months of revenue?



- 74% of respondents estimate it will take a year or longer to recover from two months of lost revenue from COVID-19 impacts; project completion timelines will be extended by an additional 6-12 months.
- Assuming distributed solar continues to be classified as a non-essential industry, firms based in New York City and Long Island could take even longer to recover.
- The residential market is set to lose spring/summer period for initiation, crucial to the sales cycle.

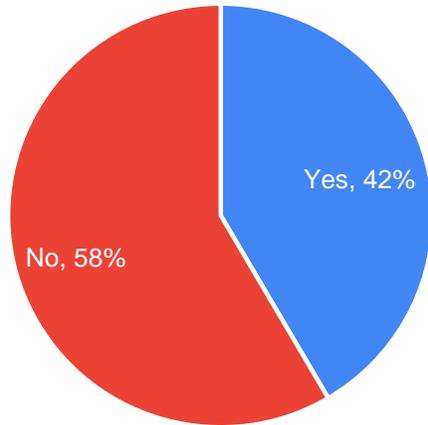
## 6. Business Operation Status (April 24-May 8)



- Almost all respondents were affected by the NY PAUSE Order, which effectively halted construction and pre-construction activities for solar projects through May 15.
- Two-thirds (66%) of respondents reported severely reduced activity during this period.
- Two firms reporting business-as-usual status are both headquartered outside New York in states where solar has been deemed an essential industry.

# 7. Business Costs due to COVID

Have your costs of doing business increased in any area?



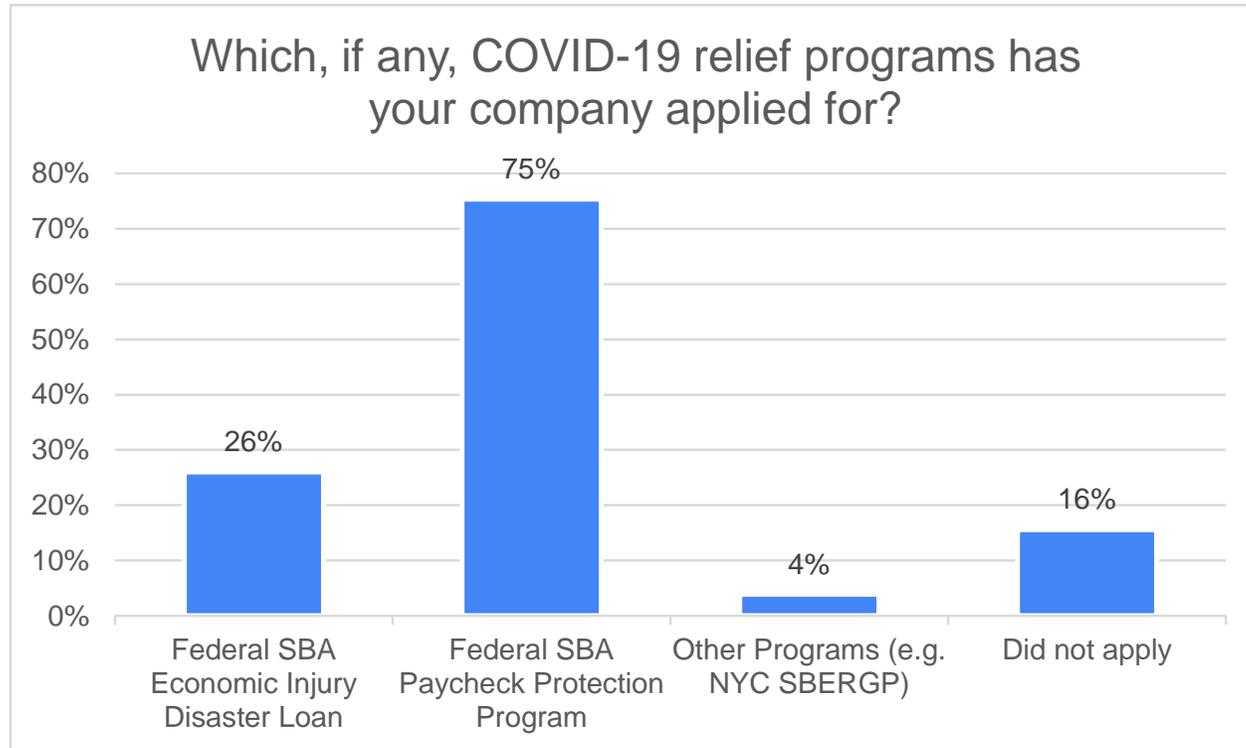
- More than 40% of firms report increased cost of doing business due to COVID-19.
- Key areas of increased costs include:
  - Marketing/Customer Acquisition (residential and community solar)
  - COVID-19 safety compliance requires extra resources (PPE) and time (reduced crews/extended schedules)
  - Finance costs have increased due to longer timelines to achieve project completion milestones
  - Permitting timelines have increased significantly
  - Procurement costs have increased due to equipment/material shortages caused by supply chain disruptions
  - Fixed costs are higher on a unit basis due to lower installation volumes

# 8. Permitting Difficulties: Municipal Engagement

## Compilation of Most Common Feedback:

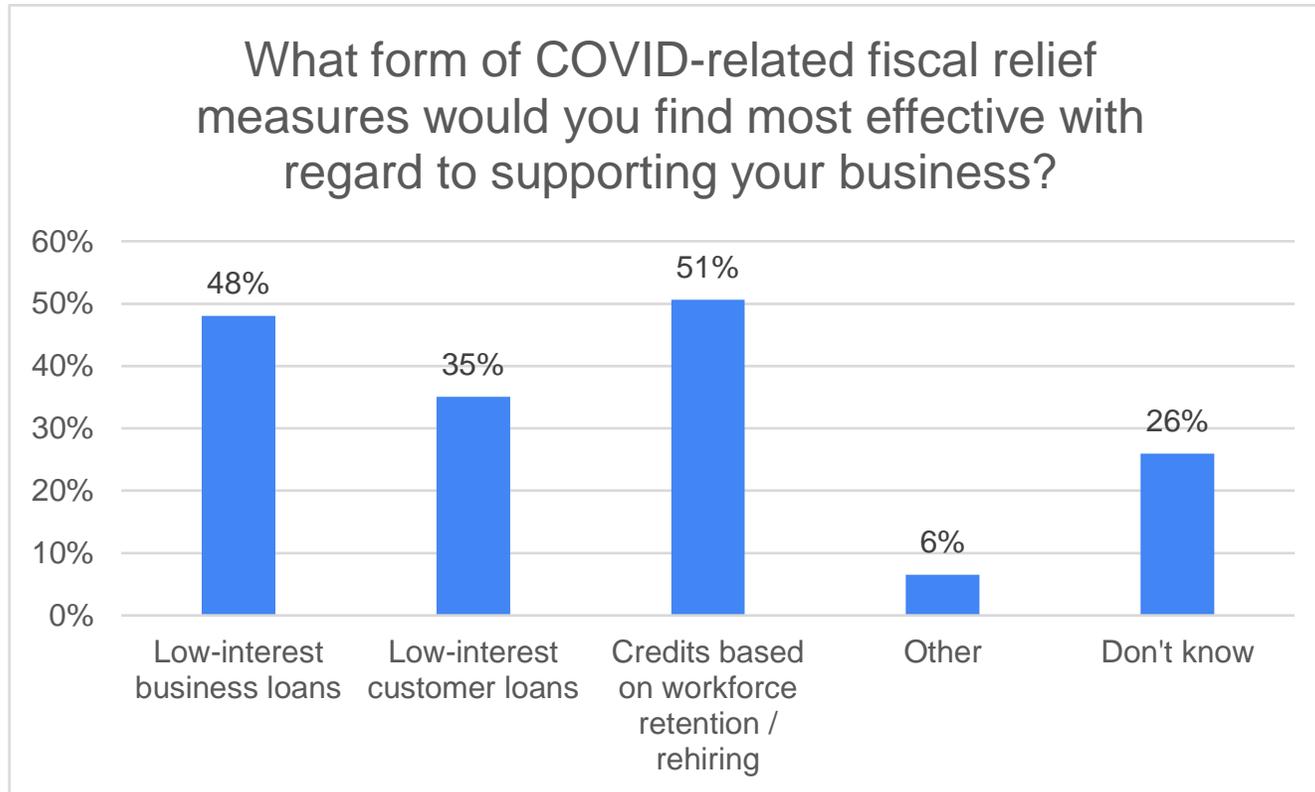
- Many towns are refusing to review and approve building permits until they are no longer paused. Building departments are difficult to connect with remotely.
- Many towns are not conducting planning board/zoning meetings that are needed for ground-mounted projects.
- Most building departments are working remotely, which makes delivering new permit sets and documentation much slower than before, especially for jurisdictions that are not yet allowing electronic submission (even if followed by mail-in/drop off hard copies).
- Electrical inspections were halted or much slower than before, which affect a number of jurisdictions.
- In New York City, the Department of Buildings (DOB) is not processing self-certified permit applications, and they are not issuing work permits.
- Towns with previously open Requests for Procurement (RfPs) for procuring solar have halted the process.
- **The most urgently required solution during this period would be towns and other jurisdictional authorities recognizing the value of allowing electronic submission of permit related applications and documents and virtual meetings to approve ground-mounted projects.**

# 9. Existing Fiscal Relief Programs



- 84% of firms surveyed have applied for some form of fiscal relief due to COVID impact.
- 75% of respondents have applied for SBA PPP loans, with 26% applying for SBA EIDL loans.
- Approximately 50% of firms surveyed have received PPP funding, which provides up to 2 months of liquidity runway.

# 10. Additional Fiscal Relief Programs



- 51% of respondents believe workforce retention/rehiring credits would provide effective support.
- 48% of respondents believe low-interest business loans would also be effective.
- 50% of firms active in residential installations believe low-interest customer loans would be supportive.

# 11A. Additional Comments: Construction Restart

- “We should be able to work safely. Most of our work is outdoors. We can practice social distancing easily and wear PPE. Another extension to NY Pause will impact our business very adversely. Even if that happens, construction and especially solar should be exempt.” – ***Long Island residential/commercial installer***
- “We understand the safety requirements and keeping the pandemic at bay but the activities that don’t put people in harm’s way should be allowed to continue so that we can get this economy back up and running. It was horrible to furlough almost all of our people, they are like family to us.” – ***Long Island/NYC residential installer***
- “We are unable to perform any work and have no way of getting income until we can install our solar project again. Our business calendar runs from March through December, and the shutdown came at a very bad time of season for us. We have lost projects & interest from homeowners. Homeowners are very worried and are not looking to invest in solar as much as they were.” – ***Central NY residential/commercial installer***
- “We have developed plans for install, site assessments, sales proposals, etc. all that take the pandemic into consideration and are able to gauge the customer’s level of comfort, however, due to the state and local municipal restrictions we are hamstrung. Solar energy should be one of the first sectors back to work, as our industry has such a positive effect on the economy, on the environment, and has well paying jobs for the blue collar industry.” – ***Western NY developer/installer***
- “We encourage State agencies to take note of neighboring states like NJ, MA, CT, PA which have deemed solar construction to be essential and can continue throughout the lockdown period. We urge New York State to implement similar exemptions to solar construction to mitigate the impacts of COVID-19 on the workforce and the industry.” – ***National CDG Developer***

# 11B. Additional Comments – Project Delays/Bottlenecks

- “At the state level, the most important thing would be providing the tools and resources for towns and IDAs to be able to conduct their business virtually and actually requiring that they do it so that progress of development projects is not an arbitrary activity determined by town supervisors, planning boards.” – **National CDG developer**
- “We need to schedule public hearings, we need to continue SEQRA reviews and we need to continue application material review for community solar so that construction can continue as soon as the pause ends.” – **Upstate Engineering Firm**
- “We'd like to see Towns be more effective at holding meetings using Zoom.” – **East Coast CDG Developer**
- “Towns unwilling to give out board members’ information so that materials can be mailed to their Planning Board or Zoning Board members’ homes directly is unnecessarily limiting communications and slowing project permitting. Also, not dispersing materials to Board Members sent to the Town Offices is causing delay and not meeting even virtually is a real problem. The fact that this will impact the NYSERDA incentive as other projects may not be delayed in the same way is frustrating.” – **National CDG Developer**
- While most projects were anticipated to have a 6-12 month buildouts, our current projects are running between 18-24 months. For most small to medium developers whose OWC is provided by meeting certain project milestones, these delays are causing significant financial issues. The combination of a number of major project delay issues is resulting in many developers determining if doing projects in New York is a profitable venture. Many of our financial supporters and project buyers are feeling the same way and are either unwilling to continue in supporting our projects currently in development, or any future projects that we are offering.” – **Upstate CDG Developer**

# 11C. Additional Comments – Demand/Sales Impacts

- “I think the largest thing that will effect us and all companies doing residential solar is the economic uncertainty. I see a near collapse of the residential solar market as homeowners will not be making any large-ticket purchases this year. This extends to loans and leases. I believe the state will need to offer some extraordinary steps for residential solar to survive. We may have to eliminate our residential sales and move entirely to commercial if this does not happen. I would also include a solar-plus-storage incentive for residential as this has caused people to want to feel secure in their homes.” – **NYC installer**
- “Many potential clients have temporarily impaired credit. We need a credit product that can look past the last couple of months and look at historic credit history. Without some relaxation, many clients whom should qualify for solar will not qualify, further increasing COA costs will have a serious impact to market and job stability.” – **NYC/Long Island residential installer**
- “When the shelter in place lifts, our business from a sales pipeline standpoint could be months or years behind a recovery. Homeowners making a \$30k purchase after being unemployed for 2-3 months will likely push solar to the backburner. Businesses that were looking at solar pre-COVID and those post-COVID will also likely have more important financial hardships to deal with and will likely also shelve solar. While most in the industry have only felt these last two months of COVID related hardship, the road to sales and pipeline building for 2020 and 2021 is going to a protracted and difficult one.” – **NYC/Long Island/Hudson Valley Resi/C&I/CDG Developer**
- “We will hopefully get our construction crews back to work in the near future. But consumer confidence in community solar will no doubt be shaky. Sales will be tougher. Although customers will benefit by saving money through community solar, there is no question that restarting the sales force, training new workers and then selling our product will be challenging. We very much hope that policy makers will see this challenge and respond appropriately with flexibility and additional resources.” – **National CDG Developer**