

**Global Safeguard Investigation:
Crystalline Silicon Photovoltaic Cells and Modules (Whether or Not Partially or Fully
Assembled into Other Products), Inv. No. TA-201-75**

**Statement of Edward Fenster
Executive Chairman
Sunrun Inc.**

August 15, 2017

My name is Ed Fenster. I am the Executive Chairman and co-founder of Sunrun.

Sunrun was founded in an attic 10 years ago and has grown into the largest dedicated residential solar company in the United States, serving about 150,000 families in 22 states and the District of Columbia. Sunrun achieved this growth by pioneering home “solar as a service,” a model in which we pay for installation, and then sell power to homeowners by the kilowatt-hour from the solar system on their roof, which we own and maintain.

In my testimony, I will discuss unique attributes of the residential solar sector and how Suniva and SolarWorld failed to compete for Sunrun’s business, notwithstanding opportunities we extended them.

Residential solar is a major source of employment. Sunrun, our partners and subcontractors employ approximately 11,000 people; Sunrun’s market share is estimated at just 13% of the residential segment. These well-paid jobs cannot be exported or automated. I am honored to be here representing the hard working women and men who are committed to bringing clean energy to homes across the country.

To effectively market its services, Sunrun must offer power to homeowners at a discount to the local utility. A study we performed concluded customer interest in solar increases about threefold when the discount we offer rises from 10% to 20%. Conversely, when regulators in

Nevada eliminated the savings solar customers could enjoy, that state went overnight from being the fastest growing and fourth largest residential solar market to a wasteland, with near total job losses resulting. Following substantial public outcry, the Legislature and Governor overturned the regulators' decision. Growth and jobs are now returning.

Sunrun's typical customer lease has an initial 20-year term. During the lease, Sunrun pays for any maintenance and repairs. The customer only pays for power Sunrun delivers.

As such, Sunrun must believe each new system will last for decades, despite suffering extreme heat, cold, wind, rain, vermin, plus perhaps sleet, snow, and golf balls. For instance, adding even one visit can wipe out 10 cents a watt in module cost savings. Equipment failures also measurably and significantly undermine customer satisfaction. Quality is paramount.

For the same reason, lenders who fund the billions of dollars Sunrun requires insist on rock-solid assurance our systems will deliver as promised. The loans they make are "non-recourse," so if the systems don't perform, they are unlikely to recover their investment.

Typically, lenders specify which manufacturer's modules Sunrun may use, based on module reliability. Several lenders even employ full-time engineers to assess module quality.

I encourage the Commission to review the declaration supplied by Sunrun's Director of Strategic Sourcing, Dirk Morbitzer, who created and runs Sunrun's Vendor Quality Management Program, or VQMP. In his declaration, appended to SEIA's prehearing brief, Dirk explains how Sunrun objectively tests whether modules from potential suppliers meet our quality standards. For instance, Sunrun performs factory inspections and accelerated product testing designed to simulate the harsh environmental and performance stresses that modules endure over their lifetime.

Despite our desire to support American manufacturers, the two petitioners in this case didn't qualify under the VQMP. In 2014, Dirk invited both SolarWorld and Suniva to participate, but each chose not to proceed.

In part to support American manufacturers, our subsidiary that distributes equipment to other solar companies at times carried panels from each petitioner. As detailed in Dirk's declaration, we experienced delivery and serious product quality problems with both companies, inflicting upon us financial and reputational harm. For example, Solarworld recalled faulty panels, which is highly unusual in this industry, and missed delivery timing. In 2013-2014, when our distributor sourced Suniva modules for companies who wanted U.S.-made product, in a series of similar incidents, these panels arrived physically labeled, "Made in China." This and other problems with Suniva were so frequent, that when they approached us anew about the VQMP in 2016, we declined.

Leasing companies following Sunrun's model, which typically invest more heavily in quality assurance, represented 62% of the residential market between 2012 and 2016, up from 0% in 2007. The petitioners' actions meant they didn't have material access to that market.

Finally, I will touch on why Sunrun believes the solar market saw declining prices and surging growth, especially beginning around 2014. Over at least the decade we've been in business, the better module and inverter manufacturers, regardless of location, innovated to increase power output, enhance quality, and lower unit costs. Meanwhile, solar developers like Sunrun eliminated "soft costs" at a similar pace. These combined forces created the appearance that solar is a deflationary good, the type you might wait to buy because it will be cheaper later. Hence, many buyers chose to sit out the first portion of 8-year extension of the 30% investment tax credit in 2008, and then surge into the market in the second half, depending on project lead

time. The volumes driven by this surge, and need to stay competitive after incentives fell, drove cost reductions for Sunrun and its suppliers.

Thank you for your consideration.