PV-WIND MONTHLY MARKET UPDATE

Net PV Capacity Additions Are 1,347 MW in November

February 2024 Issue

(Data Updates for November 2023)

U.S. PV-WIND CAPACITY **November 2023 PV and Wind Capacity Additions**

- In November, PV capacity additions total 1,347 MW
- In November, wind capacity additions total 5 MW

U.S. ELECTRICITY GENERATION **November 2023 PV and Wind Electricity Generation**

- PV and wind electricity production is 16.1% of total U.S. electricity generation
- Of total U.S. electricity generation, PV is 4.7% and wind is 11.4%

TRADE – U.S. PV IMPORTS/EXPORTS **November U.S. PV Panel Imports**

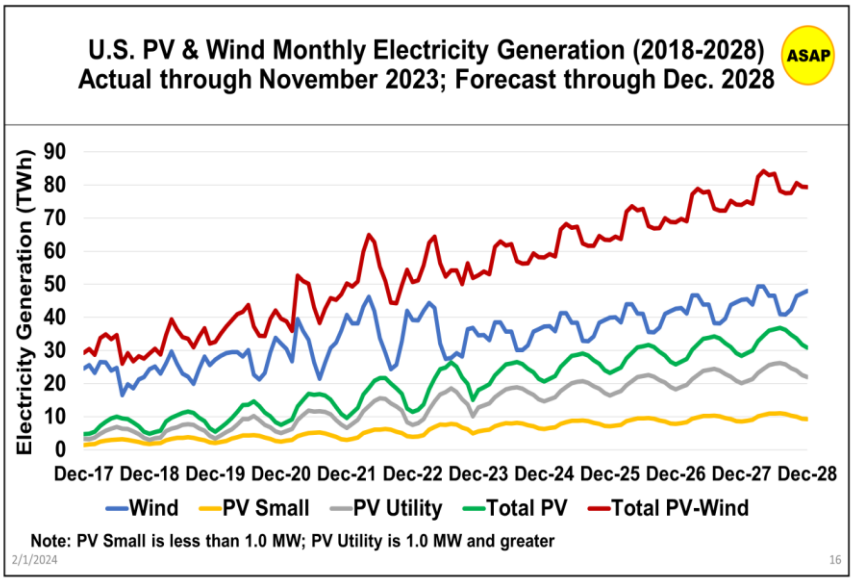
- In November, the value of U.S. PV panel imports decreased 19.6% to $1.4 billion
- Vietnam, Thailand, and Malaysia are the top suppliers of U.S. PV panel imports

WORLD PV-WIND CAPACITY **2023 Forecast for World PV and Wind Additions**

- U.S. PV forecast for 2023 is 24 GW of capacity additions
- U.S. wind forecast for 2023 is 10 GW of capacity additions
- The world PV forecast for 2023 is 220 GW of capacity additions
- The world wind forecast for 2023 is 50 GW of capacity additions

PV-WIND COMPANY FINANCI2AL PERFORMANCE **January ETF Share Performance**

- For January 2024, TAN (solar) share price performance is a negative 20.6%
- For January 2024, FAN (wind) share price performance is a negative 7.0%



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PV-Wind Monthly Slideshow

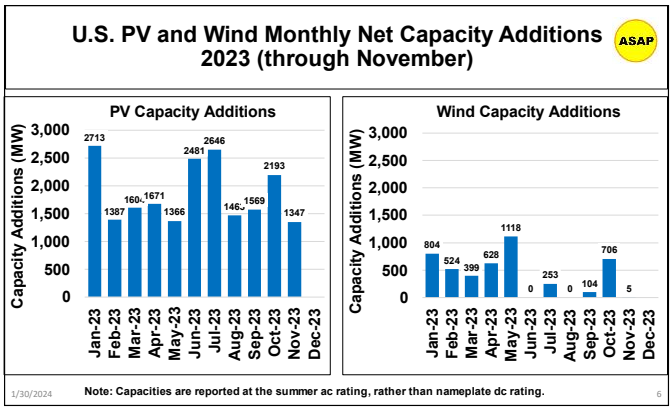
Battery Storage Analysis

Global Warming Update

U.S. PV and Wind Capacity

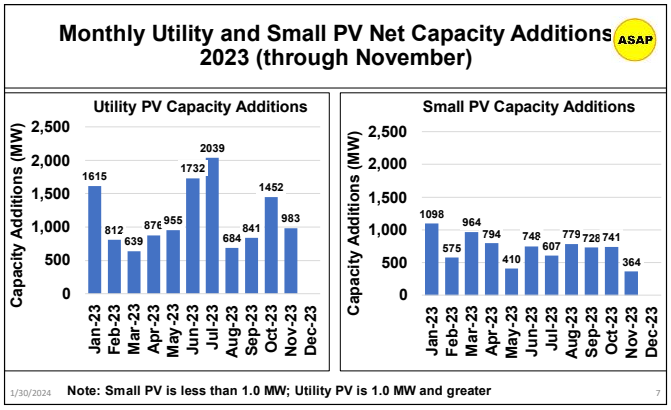
November U.S. PV capacity additions total 1,347 MW

In November, U.S. PV net capacity additions total 1,347 MW, which brings cumulative capacity to 130.6 GW. Utility scale PV capacity additions are 983 MW, which is 73% of new PV, and small PV capacity additions are 364 MW. The annual pace for PV capacity additions is 22.3 GW, which is slightly off pace to meet the 24.0 GW forecast for 2023. Robust PV import levels are supporting U.S. PV capacity growth.

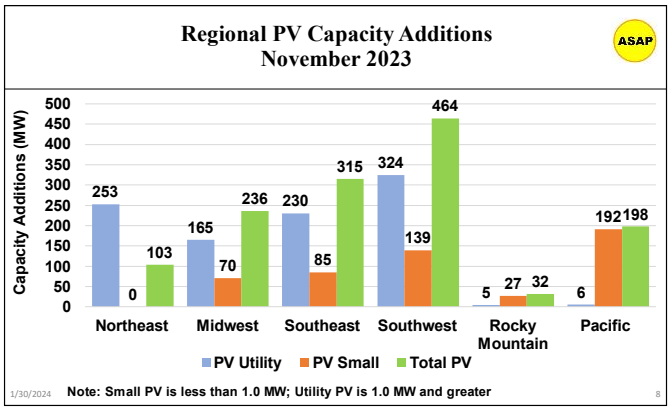


November wind capacity additions total 5 MW

On a regional basis, the Southwest region led in November PV capacity additions with 464 MW. The Southeast and Midwest regions followed with 315 MW and 236 MW respectively. The top three states for PV capacity additions are Texas, California, and Illinois with 330 MW, 180 MW, and 164 MW respectively.



The 2023 forecast for PV capacity additions is 24 GW, and the wind forecast is 10 GW



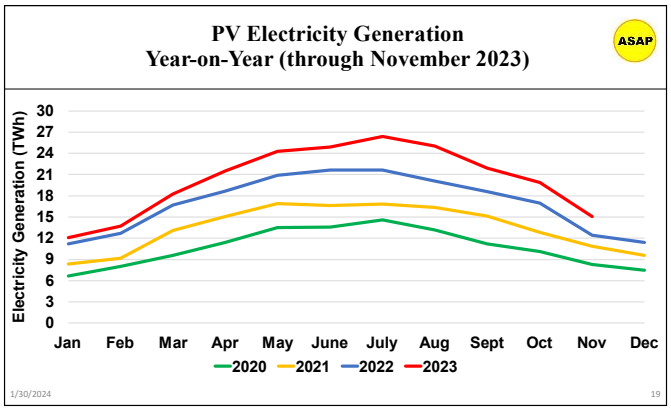
Wind installations in November total 5 MW, which brings cumulative wind capacity to 145.4 GW. The full year pace for U.S. wind capacity additions is 4.9 GW, which is far off the pace needed to meet the 10.0 GW forecast. Pennsylvania installed 88 MW of new wind capacity. The wind industry is facing numerous headwinds, which include manufacturing and permitting issues. Another significant problem is political opposition to wind installations in the Plains states.

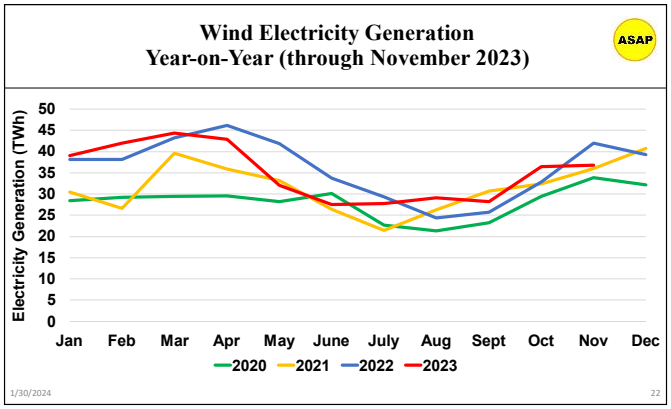
The PV forecast is supported by a two-year freeze on PV import tariffs for Malaysia, Vietnam, and Thailand. In addition, the forecast is supported by PV incentives that are included in the Inflation Reduction Act passed by the 2022 Congress. The wind forecast is constrained by headwinds for wind development and transmission in the Southwest, Midwest, and Rocky Mountain regions. Atlantic offshore wind projects are under construction and will enable a modest increase in wind capacity additions going forward.

U.S. PV-Wind Electricity Generation Update

In November, combined PV and wind electricity generation is 16.1% of total U.S. electricity generation

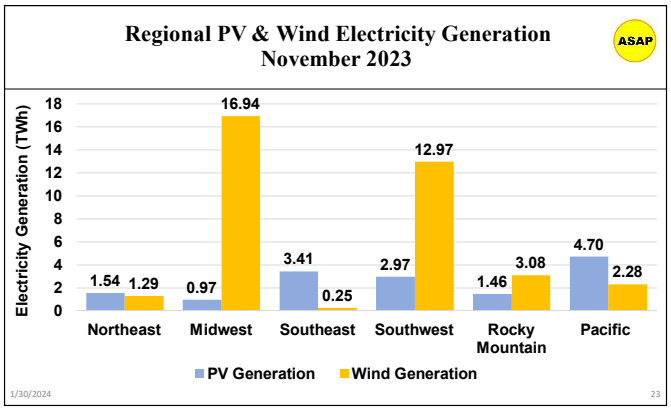
In November, PV generated 19.9 TWh of electricity, and wind turbines generated 36.4 TWh of electricity. For November, combined PV and wind electricity generation is 16.1% of total U.S. electricity generation. PV contributes 4.7%, and wind provides 11.4%. ASAP projects PV to generate 5% and wind to generate 12% of total U.S. electricity generation in 2023.





Year-on-year (YoY), November-22 to November-23, PV electricity generation has increased 21.2%, and wind electricity generation has decreased 12.3%. YoY, combined PV and wind electricity generation has decreased 4.7%. Note that climate variability influences annual and monthly comparisons.

In November, the Pacific region led the nation in PV electricity generation with 4.7 TWh and is followed by the Southeast region with 3.4 TWh and the Southwest region with 3.0 TWh.



In November, the Pacific region led in PV electricity generation, and the Midwest region led in wind electricity generation

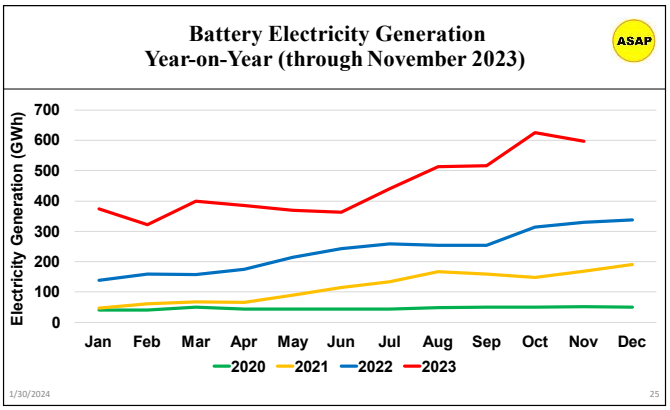
California is the leading state with 4.4 TWh of PV electricity generation, which is 29% of total U.S. PV electricity generation in November. Texas follows with 2.0 TWh, Florida 1.2 TWh, North Carolina 0.8 TWh, Arizona 0.7 TWh, and Nevada 0.7 TWh.

In November, the leading regions for wind electricity generation are the Midwest with 16.9 TWh and the Southwest with 13.0 TWh. These two regions combined produced 81% of total U.S. wind electricity in November. The Rocky Mountain and Pacific regions are distant third and fourth with 3.1 TWh and 2.3 TWh of wind electricity generation respectively. Texas is the leading state with 8.8 TWh of wind electricity generation and is followed by Iowa 4.2 TWh, Oklahoma 2.9 TWh, Kansas 2.4 TWh, and Minnesota 1.5 TWh.

U.S. Utility Battery Storage

In November, battery storage capacity additions are 0.3 GW

U.S. battery storage capacity additions total 0.3 GW in November, which increases cumulative battery storage capacity to 13.6 GW. The pace for full year 2023 battery capacity additions is 5.4 GW, which is short the pace to meet ASAP's 8.0 GW forecast.



U.S. cumulative battery storage capacity increases to 13.6 GW in November

The reported November average monthly battery utilization factor is 6.1%, which is a daily average of 1.5 hours. The implied battery electricity generation is 598 GWh. From company battery installation announcements, four hours of battery storage capacity is becoming the norm but is not being fully realized. At present, stored battery electricity is applied to shaving peak demand electricity generation rather than the replacement of fossil fuel power plants.

Obviously, variability in PV and wind electricity production requires electricity storage to convert PV and wind into a dependable supply of on-demand electricity. At present, the U.S. has approximately 800 GW of fossil fuel power plants, which implies the need for hundreds of GW of storage capacity if PV and wind electricity is to replace fossil fuel power plants. At present, the large-scale storage options are pumped hydro, batteries, hydrogen, molten salt for thermal solar, underground compressed air energy storage. Currently, pumped hydro is the largest storage technology with over 22 GW of installed capacity. Due to siting constraints, it is expected that pumped hydro storage capacity will remain at approximately 22 GW going forward.

In November, the average battery utilization factor is 6.1%

There are several green hydrogen projects on the drawing board with hydrogen produced from water using PV, wind, and hydro electricity. Green hydrogen is being discussed as a fuel for hydrogen fuel-cell heavy Class 8 transport trucks. Other PV and wind storage technologies are molten salt and compressed air energy storage systems. Molten salt storage at solar thermal concentrating power plants and compressed air energy storage are basically being ignored in the U.S. with only power plant of each technology in current operation. Looking ahead, one compressed air energy storage project in Texas using salt dome compressed air storage is permitted and is slated to begin construction in 2024.

PV Market Outlook 2023

The Inflation Reduction Act is creating strong interest in expanding U.S. PV manufacturing

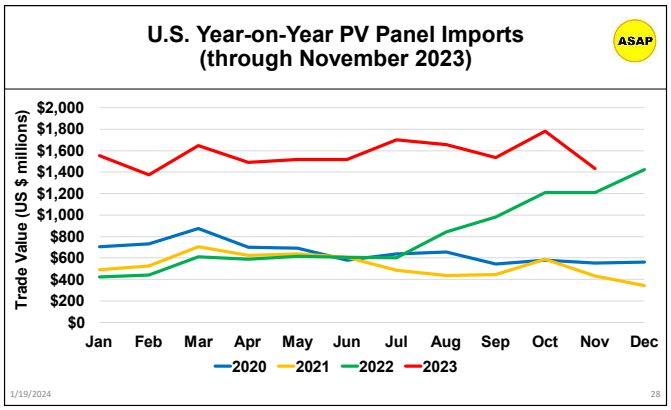
The renewable energy incentives in the Inflation Reduction Act have generated strong interest in U.S. PV manufacturing growth. After one year, there have been announcements of over 30 GW of PV manufacturing capacity additions. It will be interesting to observe the actual buildout of U.S. PV manufacturing capacity.

To realize the full basket of incentives, all components of the PV manufacturing chain must be U.S. sourced. This includes silicon ingots, wafers, glass, frames, and inverters. The question remains whether the U.S. is truly committed to developing a PV manufacturing base. One of the greatest challenges is the need to source about 200,000 tonnes of polysilicon production to support 50 GW of si-PV manufacturing capacity.

U.S. PV Trade

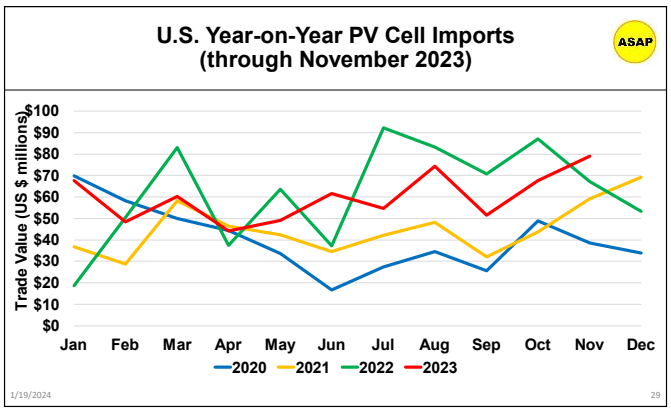
In November, the value of U.S. PV panel imports is $1.4 billion

In November, the value of U.S. PV panel imports declined 19.6% month-on-month to $1.4 billion. The full year pace for U.S. PV panel imports is $18.8 billion, which is far above the pace to meet the $10.0 billion annual forecast. U.S. PV imports are well above record pace in 2023 due to supportive U.S. policies such as the two-year freeze on U.S. import tariffs for PV modules and cells produced in the Southeast Asian countries of Malaysia, Vietnam, and Thailand are lowing PV prices.

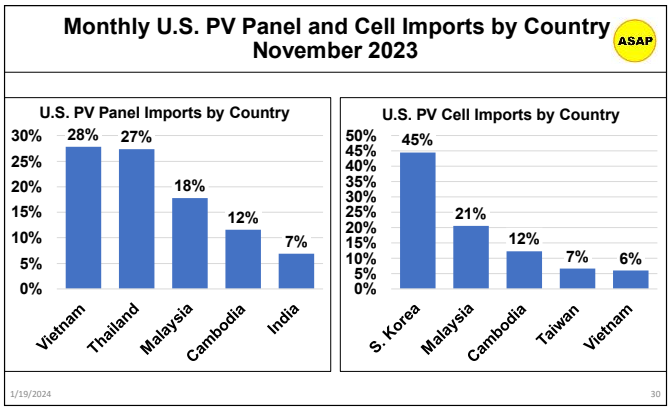


Vietnam, Thailand, and Malaysia are the top three sources of U.S. PV panel imports in November

Vietnam, Thailand, and Malaysia are the top three countries for U.S. PV panel imports in November. These three countries account for 73% of total U.S. PV imports. Vietnam leads the market for U.S. PV panel imports in November with a 28% market share. Thailand follows with a 27% share of the U.S. PV panel import market, and Malaysia rounds out the top three with an 18% share. India is a newcomer to the top tier countries for U.S. PV panel imports and is expected to be a growing source in future years.



S. Korea, Malaysia and Cambodia are the top three sources of U.S. PV cell imports in November



The value of U.S. PV panel and cell exports remain minimal

Turning attention to U.S. imports of PV cells, the total value of November U.S. PV cell imports increased 16.8% month-on-month to $79.1 million. South Korea leads U.S. supply of imported PV cells in November with a 45% share. Malaysia and Cambodia round out the top three sources for U.S. PV cell imports with 21% and 12% market shares respectively. These three countries account for 77% of U.S. PV cell imports in November.

In terms of U.S. exports, the value of U.S. PV panel exports in November declined 42.6% month-on-month to $7.6 million. Year-to-date, the value of U.S. PV panel exports is

$55.9 million, which is an annualized pace of $60.9 million. U.S. PV panel exports are far above the $20.0 million forecast for 2023.

The value of November U.S. PV cell exports increased 2.7% month-on-month to $2.2 million. Year-to-date, the value of U.S. PV cell exports is $18.8 million, which is an annualized pace of $20.5 million. The projected pace for PV cell exports is above the $15.0 million annual forecast for U.S. PV cell exports in 2023.

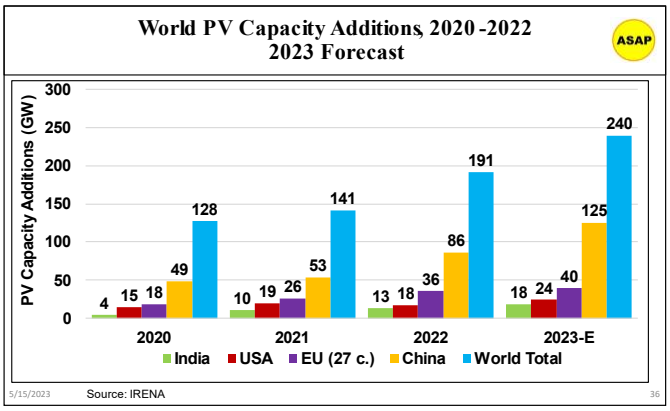
Global PV demand has been constrained by polysilicon shortages and high prices. Large additions to polysilicon production capacity is providing price relief in 2023. The Chinese spot silicon price has plummeted from $46/kg in the fourth quarter of 2022 to $9.66/kg at the end of November 2023. Low China silicon prices are supporting strong global market demand for silicon-based PV. Silicon PV holds a 95% share of the global PV market with only marginal growth in thin film PV technologies.

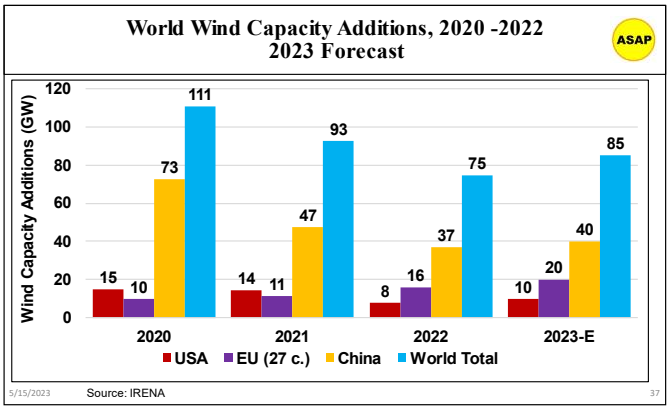
The U.S. is attempting to create a domestic PV manufacturing base to compete with China in the PV market. The U.S. Inflation Reduction Act aims to accelerate domestic solar manufacturing by offering tax credits at all stages of the solar supply chain. The tax credit incentives allow companies to front-load capital expenditures, which will enable companies to rapidly scale domestic production of PV system resources and components.

World PV and Wind

In 2023, world PV capacity additions are projected to top 300 GW, which shatters the PV forecast of 240 GW. While the U.S. set a record of 20 GW of new PV, China steals the show with over 150 GW of new PV. Wind capacity additions were a disappointing 75 GW. On the other hand, wind project developments are facing headwinds, and the 2023 forecast for wind capacity additions calls for a 13% increase to 85 GW.

In 2023, world PV capacity additions were 300+ GW, and world wind capacity additions were 75 GW.

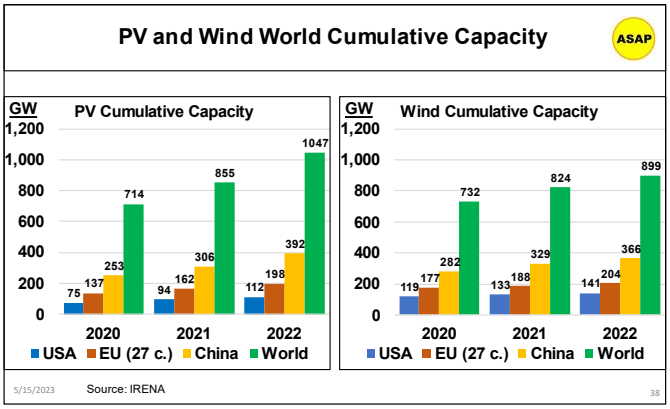




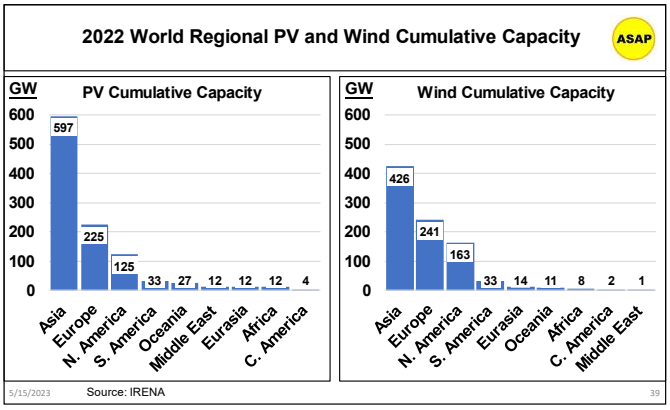
A few trends are evident as we move forward with the transition to renewable energy sources from fossil fuels. Photovoltaics (PV) and wind are proving to be the work horse in the clean energy transition. In 2022 PV passed the 1.0 trillion watts of cumulative installed capacity, and wind is not far behind at 925 GW of cumulative installed capacity. In 2023, two important global PV targets will be realized. Annual PV capacity additions will exceed 200 gigawatts (GW), and China will become the first country to install over 100

GW of new PV capacity. Also, wind is expected to pass the 1.0 trillion watts of cumulative installed capacity threshold in 2023.

While topping 300 GW of PV capacity additions in 2023 is significant, the 200 GW is far short the 600 GW of annual global PV capacity additions needed to achieve climate change mitigation targets. China is the only country that is on pace to meet climate change goals. The U.S., Europe, and India are lagging far behind.

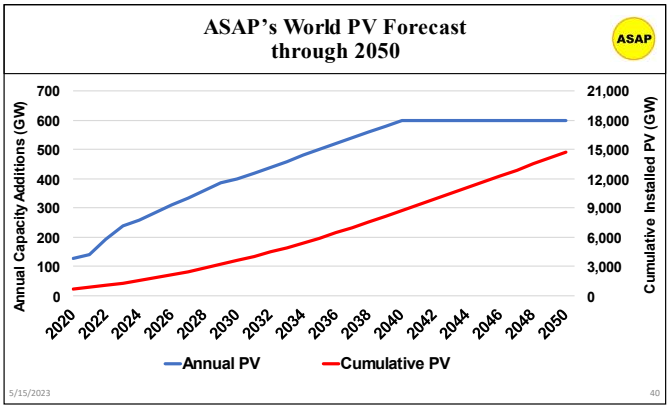


In contrast, global wind energy development is struggling to maintain growth. Wind companies state that they are facing headwinds that include slow permitting, electric grid constraints, and regulatory uncertainty. Such market conditions are, in turn, causing sizeable losses in the wind business, employment destruction and investment constraint. The companies conclude that the sizeable gap between recent installation expectations and targets is endangering the world energy transition.



Annual global PV capacity additions need to reach 500-600 GW by 2030 to meet net zero energy emissions targets

To meet the international goal of limiting the increase in average global temperature to below 2.0 degrees Celsius, ongoing research by the International Energy Agency (IEA) concludes that the world needs to install about 23 TW of PV and wind capacity by 2050 to reach net zero carbon emissions. In addition, the IEA plan calls for 3.0 TW of battery storage and 435 billion kilograms of hydrogen for transportation.



ASAP's PV and wind annual installation forecast achieves the IEA target by scaling annual PV installations to 600 GW and wind installations to 350 GW over the 2040-2050 timeframe. In addition, ASAP estimates the need for 3.3 TW of wind baseload storage capacity and 5.4 TW of PV storage peak storage capacity. ASAP also models PV for electrolytic hydrogen production of 415 billion kilograms per annum in 2050 for transportation use.

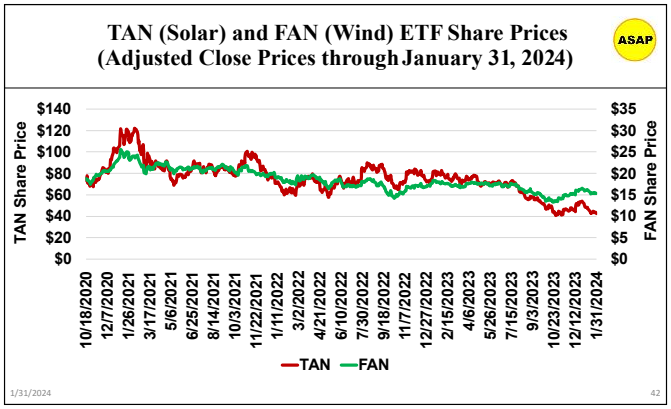
Storage is the primary obstacle to achieving complete zero carbon emissions electricity generation with intermittent PV and wind electricity generation. However, battery, underground compressed air energy storage, and green hydrogen offer opportunities for large-scale PV and wind storage systems. ASAP estimates the total cost of a PV and wind with storage energy system, including storage, to be about $3.0 trillion per annum over a thirty-year transition period, 2021-2050, which will comprise about 2.5% of global GDP over the thirty-year transition period. This is a tall order, but it can be done with planning commitments in the international finance industry and governments.

PV and Wind Industry Financial Performance

Each month ASAP reports the share price performance of the TAN (solar) and FAN (wind) ETF index funds as proxy financial indicators of the PV and wind industries.

In January, the share values of the TAN and FAN ETFs declined

For the month of January 2024, the TAN ETF share value declined 20.6%, and FAN declined 7.0%. Year-to-date, TAN is down 41.9%, and FAN is down 10.2%.



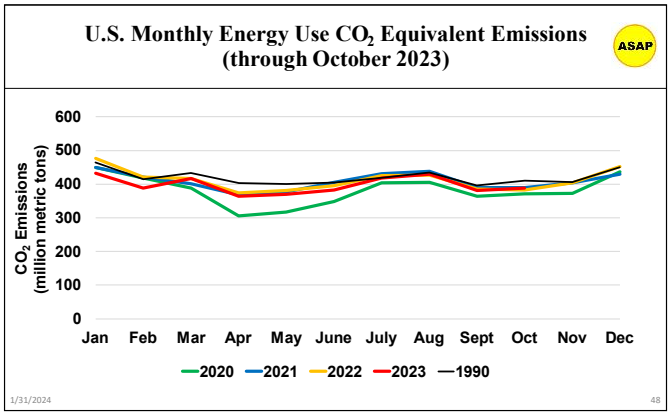
As shown in the graph, the share prices of the TAN and FAN ETFs have had disappointing performance over the past two years relative to 2021 highs. From the November/January 2021 highs through January 2024, the TAN share price is down 65.3%, and FAN share price is down 35.7%.

It is important to note that supply chain costs are improving with declining PV prices in 2023. Global demand for PV and wind installations is growing at a healthy rate, which should translate into share price increases for solar and wind companies going forward with continuing improvement in supply chain issues.

Carbon Dioxide Emissions

U.S. energy related carbon dioxide emissions have rebounded from the pandemic induced lows of 2020 as shown in the graph. On a positive note, total U.S. 2022 CO_2 emissions are 2.7% less than the 1990 level. For the past twenty-five years the goal has been to reduce energy use CO_2 emissions to below the 1990 level, which the U.S. appears to have finally accomplished. This is just the

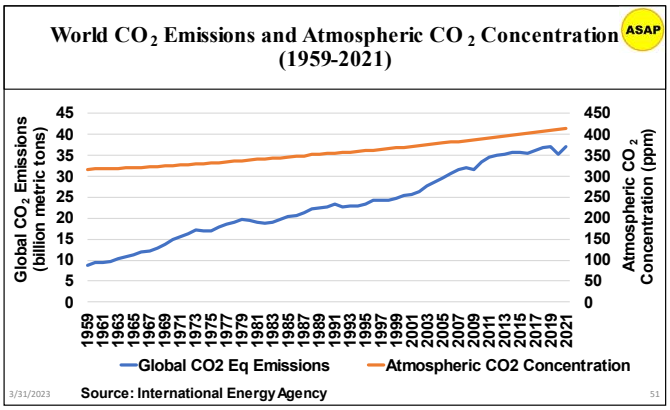
In 2022, U.S. CO_2 emissions fell 2.7% below the target 1990 level

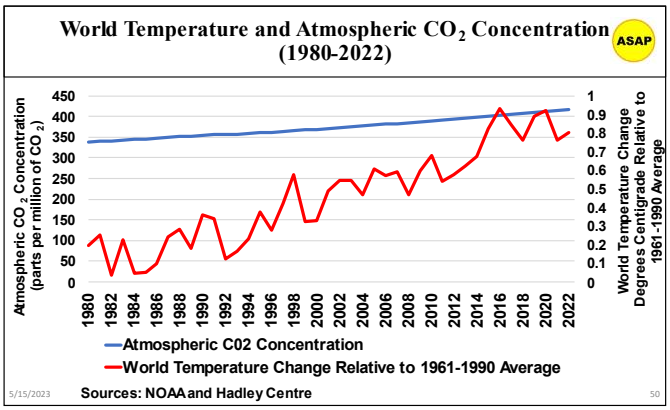


beginning, and it is sobering that it has taken 25 years to achieve this relatively modest reduction in CO_2 emissions.

In 2021, world carbon dioxide emissions set a new record high of 37.1 Gt

World carbon dioxide (CO_2) emissions related to energy consumption and industrial production rose to 37.1 giga-tonnes (Gt) in 2021, which is a new high mark. After a pandemic induced decline in 2020, energy consumption rebounded in 2021 causing the increase in CO_2 emissions. The atmospheric concentration of CO_2 in 2022 increased 0.6% over the 2021 levels to 417 parts per million.





The average global temperature has increased by at least 1.1° Celsius (1.9° Fahrenheit) since 1880 according to NASA's Goddard Institute for Space Studies (GISS). Most of the increase in global temperature has occurred over the past forty years. Further increases in the atmospheric concentration of greenhouse gases will result in higher temperatures. As the average global temperature continues to rise, extreme weather events will become ever more common and with ever greater intensity worldwide.

ASAP Data Sources

ASAP benchmarks U.S. PV and wind capacities and electricity generation to the estimates provided by the Energy Information Administration (EIA) of the U.S. Department of Energy. ASAP reports the EIA net summer capacity changes for PV and wind due to the high cost of supplying summer peak demand electricity. For example, summer PV net capacity is 10%-15% less than nameplate capacity due to heat losses.

ASAP benchmarks historical U.S. trade to U.S. Census Bureau trade data. Global data sources include the International Energy Agency (IEA), International Renewable Energy Association (IRENA), European Wind and Solar Industry Associations, China's NEA, Taiwan's Infolink, and company reports.