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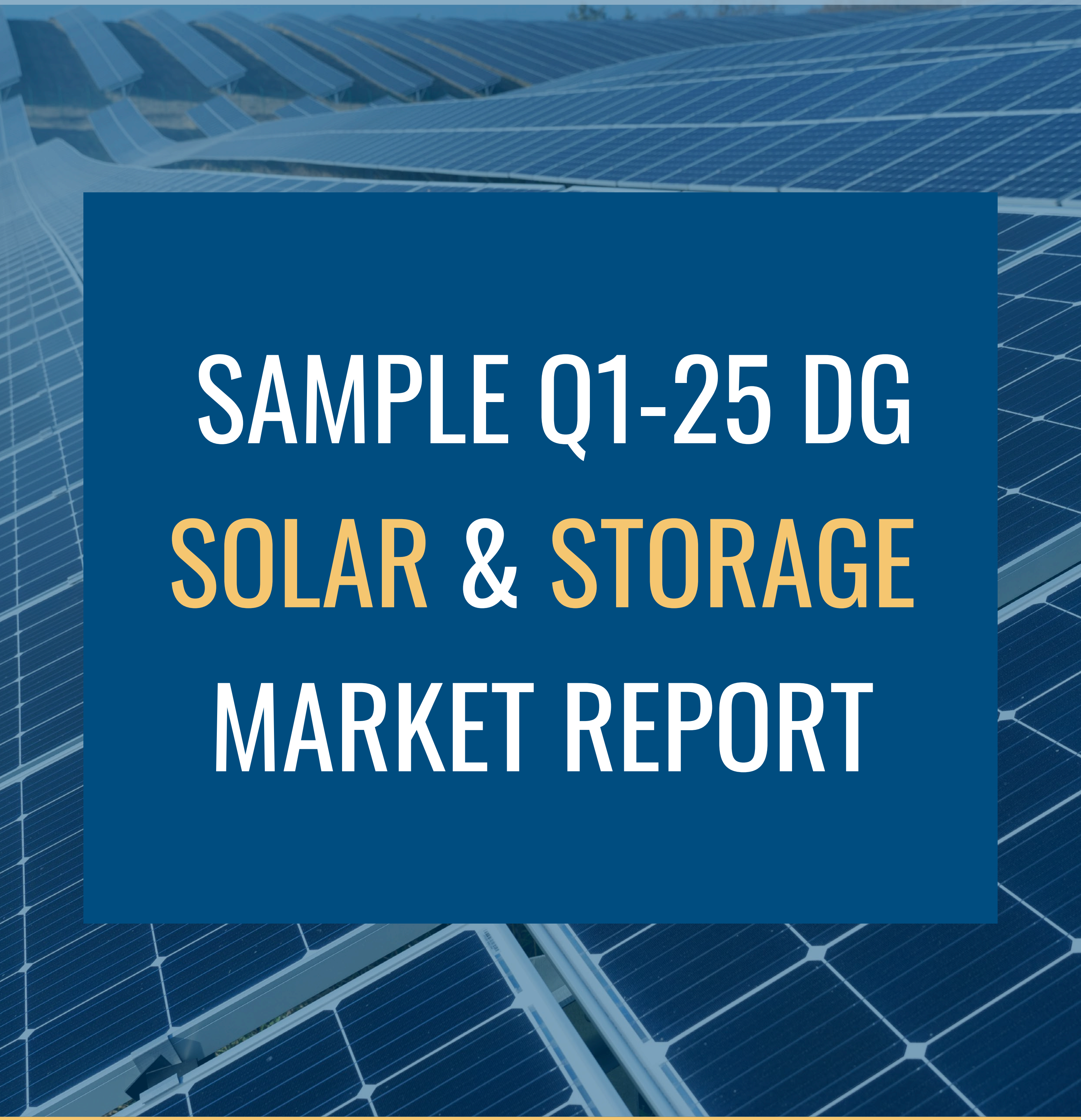

SAMPLE Q1-25 DG SOLAR & STORAGE MARKET REPORT

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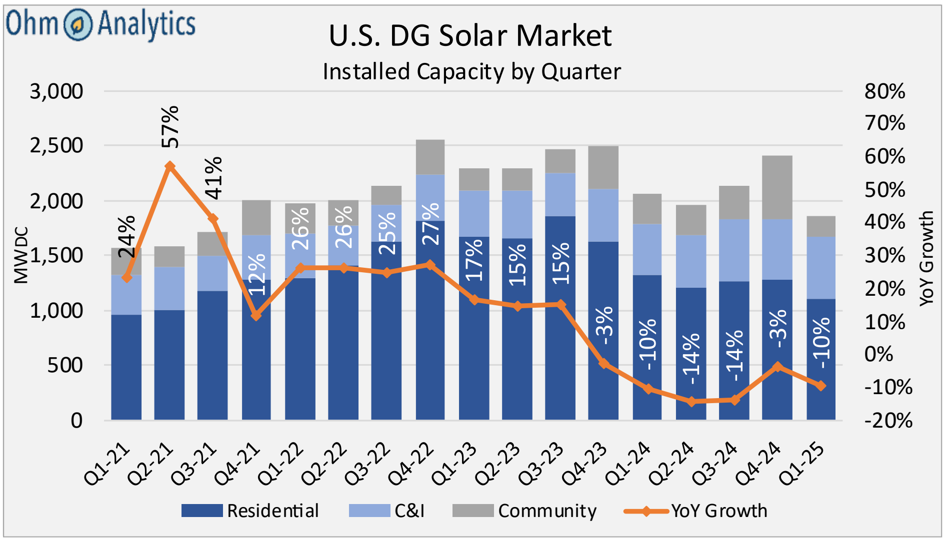
EXECUTIVE SUMMARY

U.S. Distributed Generation (DG) solar market capacity additions were down 10% YoY in Q1-25 with 1.9 GW of added capacity. The residential segment experienced a Q1 YoY decrease (-16% YoY) in installed capacity (fully interconnected). Q1-25 growth was mixed in other DG solar segments, as the commercial and industrial (+22% YoY) segment experienced growth and the community solar segment (-29% YoY) declined on the quarter.



U.S. DG solar market installed capacity

The residential solar market added 1.1 GW of capacity in Q1. Residential capacity additions decreased 14% sequentially from Q4-24, driven by softer than typical seasonal trends in several state markets outside CA (FL, IL, etc.).

C&I segment additions grew 22% YoY in Q1 (557 MW) driven by the backlog CA NEM 2 projects as well as upticks in the Northeast (CT) and Mid-Atlantic (PA) regions, where incentives and electricity prices supported project economics. Community solar was down 29% YoY (196 MW) in Q1 driven by declines in most large markets, particularly in the Northeast.

RESIDENTIAL SOLAR

Slight Improvements in Q1 Data, ITC Bill and Tariffs Weigh on Outlook: Final installed volume was down 16% YoY in Q1-25, a slight improvement from Q4 YoY (-21%) trends. Some installers were optimistic in early Q1, noting improving growth trends particularly in CA. However, the budget reconciliation bill in its most recent (May and June) form would significantly impact the industry, with the proposed elimination of 25D and disallowing 48E on residential leases. See more below on the modeled impacts of the bill as well as tariffs.

Turnover in Finance Markets: Sunnova and Mosaic both filed for bankruptcy. While each company was facing unique challenges, other financing companies will be more conservative as a result. This includes tighter controls on payments and contractor risk management.

While overall ABS market volume slowed in early 2025, the TPO ABS market remained active in Q1, with investors more focused on servicing quality and backup arrangements.

Tariff and Consumer Sentiment Headwinds: Consumer sentiment, which had peaked in December 2024, was more negative in Q1 and into mid-Q2, driven by concerns surrounding tariffs and inflation as well as the labor market. This was reflected in consumer demand trends, with leads data suggesting a 6% decline in April o. January. Our modeled scenario for 2025-2026 includes a reduction from tariff/consumer sentiment impacts. Initial lead data and contractor surveys shows signs of a ~10% lift (over normal seasonality) in consumer interest in May/June based on the threat of tax credits ending, although the impact to installs may be more muted.

Scenario Modeling of Reconciliation Bill: Given the current policy uncertainty, we have withdrawn our long-term forecast until there is more clarity. Our modeling of the May House bill (not a forecast, this could be considered our worst-case scenario) has 2025 down 16% YoY vs. -8% prior (4.3 GW vs 4.7 GW) and 2026 down -53% o. 2025 (2 GW o. 4.3 GW). The recent Senate draft amendments included small but incremental improvements which we will continue to monitor until a final version is released to update our modeling.

RESIDENTIAL STORAGE

National residential storage deployments were up 57% YoY in Q1-25 with 786 MWh deployed.

Growth Trends: Better than projected growth in PR (+44% YoY) and continued growth in CA (+53% YoY) supported the national trend. Key Ex. CA markets (IL, TX, AZ) grew rapidly YoY while most others saw moderate YoY growth. Attachment rates showed signs of slowing (CO) or flattening (FL, NC, etc.) in some smaller markets, with tariffs and consumer sentiment a potential headwind for near-term adoption.

Tariffs: BESS is particularly vulnerable to China tariffs, given the vast majority of cells are produced in China. Contacts report upstream quotes have been volatile, with the China tariff situation fluid. Ex. CA states without strong drivers of attachment (net metering, incentive programs) may be more sensitive to pricing increases. We will continue to monitor the flattening trend in some Ex. CA state markets' attachment rates.

May House Budget Bill and Tariffs Factored into Scenario Modeling: The reconciliation bill passed by the House would remove the 48E credit for leases to homeowners for PV equipment. However, BESS is not mentioned specifically in the House draft and initial Senate amendments leave the BESS 48E credit intact. We have removed our forecast given the policy uncertainty but include modeling of a scenario for 2025-2026. The overall 45% market decline scenario in 2026 is driven by the elimination of 25D and 48E for PV leases. This is modeled as a worst-case scenario and does not factor in positive incremental changes from the Senate amendments which would soften the declines in PV + BESS markets (CA, PR, etc.). Additional upside to this scenario could come from potential growth in the retrofit market, with household load growth making the addition of batteries more viable, VPP programs, and particularly changes to the NEM 2 grandfathering rule currently under consideration by the CA legislature.

COMMERCIAL AND INDUSTRIAL SOLAR

The C&I segment added 557 MW of capacity in Q1-25, up 22% YoY and up 2% from Q4.

Regional Trends: CA volume declined 1% sequentially while still growing YoY (+23%) due to added capacity from the backlog of NEM 2 projects. Projects will continue to be installed prior to the April 2026 deadline. Outside of CA, volume was up 21% YoY, with 74 MW added in CT driving much of the growth.

Senate Draft Reconciliation Bill More Positive for C&I: The Senate draft is incrementally positive for the C&I segment. FEOC language, which was a major concern with contacts, improved by setting annual minimum thresholds for non-FEOC components. Additionally, projects no longer need to start construction within 60 days (as in the House bill) to qualify for 48E. Instead, projects can begin by the end of the year to qualify for the full credit or in 2026 to qualify for 60% of the credit. This will allow installers to safe harbor more projects with 48E—we see the bill as having more positive demand-pull impact to 2027+ as full pipelines in CA and long interconnection timelines in the Northeast will likely limit pull forward in 2025-2026 on interconnected volume. Our current scenario modeling is 2 GW (-1% YoY) in 2025 and 1.9 GW (-5% YoY) in 2026, driven primarily by adjustments to CA based on recent data.

COMMERCIAL AND INDUSTRIAL STORAGE

National C&I storage (excluding the community segment) growth in Q1-25 was up 11% YoY with 32 MWh deployed.

Growth Trends:
CA drove growth, with 25 MWh deployed in Q1. Oregon and Arizona also experienced upticks.

COMMUNITY SOLAR

The community solar segment added 196 MW of capacity in Q4, a decrease of 29% YoY.

Regional Trends:
Significant declines across the Northeast, including ME and MA, led to lower capacity additions in Q1.