

US Solar Market Insight Q2 2026

Executive Summary

June 2026



About the report

US Solar Market Insight® is a quarterly publication of Wood Mackenzie and the Solar Energy Industries Association (SEIA)®. Each quarter, we collect granular data on the US solar market from nearly 200 utilities, state agencies, installers, and manufacturers. This data provides the backbone of this US Solar Market Insight® report, in which we identify and analyze trends in US solar demand, manufacturing and pricing by state and market segment over the next five to 10 years. All forecasts are from Wood Mackenzie, Limited; SEIA does not predict future pricing, bid terms, costs, deployment, or supply. The report includes all 50 states, Washington, DC, and Puerto Rico. Detailed data and forecasts are contained within the full version of the report.

References and Contact

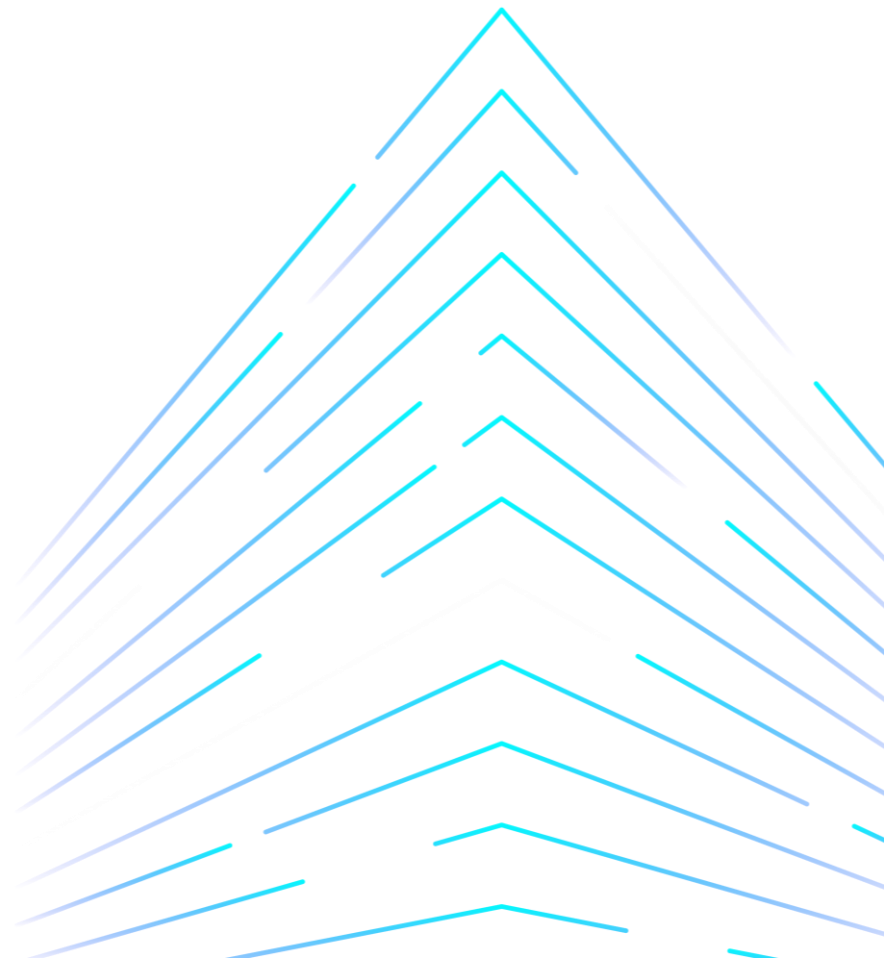
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- Media inquiries should be directed to Wood Mackenzie’s PR team (WoodmacPR@woodmac.com) and Rachel Skaar (rskaar@seia.org) at SEIA.
- All figures are sourced from Wood Mackenzie. For more detail on methodology and sources, access the full report at www.woodmac.com/research/products/power-and-renewables/us-solar-market-insight/.

Note on US Solar Market Insight report title: The report title is based on the quarter in which the report is released, not the most recent quarter of installation figures.



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Key findings

- **The US solar industry installed 7.8 gigawatts direct current (GW_{dc}) of capacity in Q1 2026**, a 27% decline from Q1 2025 and a 42% decline compared with Q4 2025.
 - The residential segment installed 1,179 MW_{dc} of solar capacity, increasing 6% year-over-year and declining 15% quarter-over-quarter.
 - The commercial segment installed 523 MW_{dc}, declining 4% year-over-year and 25% quarter-over-quarter.
 - The community solar segment installed 247 MW_{dc}, declining 4% year-over-year and 67% quarter-over-quarter.
 - The utility-scale segment installed 5.9 GW_{dc}, declining 34% year-over-year and 45% quarter-over-quarter.
- **These first quarter installations reflect typical seasonality for the solar industry.** In the residential sector, volumes were buoyed by an overflow of installations initiated at the end of 2025 to capture the expiring Section 25D tax credit.
- **Both solar and battery storage accounted for an incredible 91% of all new electricity-generating capacity added in the first quarter**, reflecting the ability of these industries to consistently build new capacity – a vital advantage for the capacity-constrained US grid. Solar by itself accounted for 60% of all new capacity.
- No additional solar module manufacturing capacity was added in Q1 2026. Module manufacturing has grown tremendously in the last few years, and several new cell and wafer facilities are in development. However, the solar manufacturing industry remains gripped by uncertainty around foreign entity of concern (FEOC) requirements as well as ongoing trade cases that have stymied new development.
- **Our outlook for the solar industry from 2026 to 2031 has changed minimally: an increase of 1.4%, mostly from the utility sector.** Demand growth remains strong, which has translated into higher solar procurements in utility resource plans, particularly after 2030, but there is variability in capacity and timing of these procurements. Our new outlook reflects a doubling of the US solar fleet in the next five years. While this is a significant amount of cumulative capacity, it reflects a stagnation in annual additions. It only took three years for the last doubling of the US solar industry.



Introduction

US solar capacity additions will be flat from 2026 through 2031

Minimal changes to our outlook indicate structural and policy challenges to continued growth

We estimate there's more than 200 GW_{dc} of safe harbored solar capacity that underpins near-term installations

- The US Treasury Department and IRS released guidance on the Prohibited Foreign Entity (PFE) provisions enacted under the One Big Beautiful Bill Act (OBBBA) in February. In last quarter's report, we highlighted that this partial guidance provided essential, but not full, clarity. The industry anticipates full guidance may not be published until next year. Given the approaching July 4th deadline to safe harbor projects, it's highly unlikely there will be further clarity before then.
- This is more consequential for the solar manufacturing sector. Many manufacturers with ties to China have had to reorganize under American ownership.
- Despite this uncertainty, Wood Mackenzie's recent quantification* of the utility-scale safe harbored pipeline indicates that most of this pipeline safe harbored by year-end 2025, before FEOC requirements applied. A total pipeline of 216 – 240 GW_{dc} supports strong utility-scale buildout through 2030, even when accounting for attrition.

Trade actions and tariffs continue to challenge portions of the US solar manufacturing industry

- Solar module manufacturing has ramped up substantially in the last several years, with production reaching about 70% of 2025 installations. But trade actions continue to create constraints: domestic module manufacturers currently rely heavily on imported cells. Currently, the US only has 3 GW of cell capacity. While several new cell factories are in development, these are not expected to be enough to supply all domestic module factories. In the spring, the Department of Commerce announced high preliminary countervailing (CVD) and anti-dumping (AD) tariff rates for solar cells and modules from India, Indonesia, and Laos. These nations, together with Malaysia, Thailand, and Vietnam (which are already subject to tariffs) were the source of 78% of cell imports last year.
- Additionally, Section 232 trade action on solar-grade polysilicon and derivative products is anticipated to be announced this summer. Much depends on the announcement, but given the broad applicability of action, it could severely constrain manufacturing activity for some domestic producers.

Strong pipelines will ensure average additions of 43 GW in the next five years, but market challenges constrain growth

- US solar additions will be flat over the next five years despite the need for more power supply in the US. Interconnection queue timelines have improved slightly but permitting bottlenecks and lengthy equipment timelines continue to serve as headwinds. Demand growth projections remain strong, which has started to translate into higher solar procurements in utility resource plans (particularly after 2030), but with considerable variability across the country. And while the solar industry has strong market fundamentals, it will take time to adjust to a post-tax-credit world, particularly for the distributed segments, which we forecast will decline in 2026.

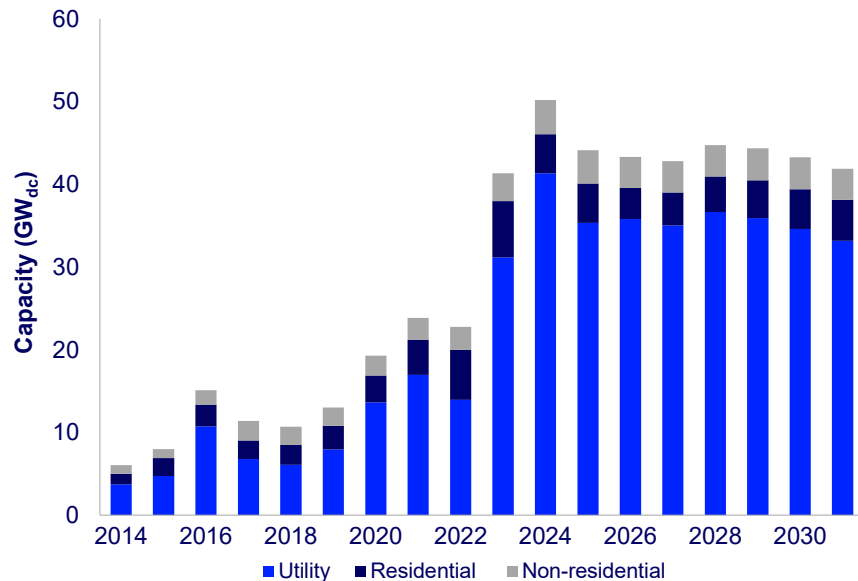


US solar PV forecasts

Solar additions hover around 43 GW, reflecting broader structural constraints, despite intense power demand

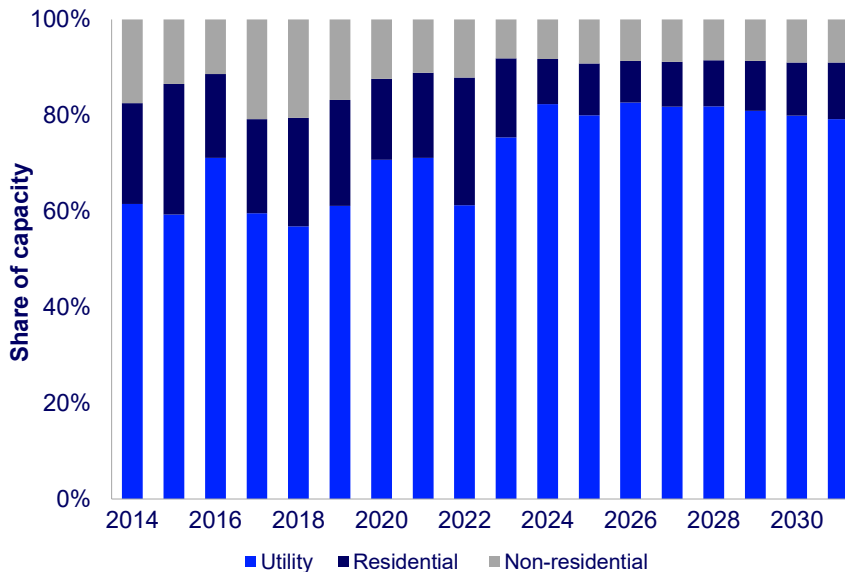
Residential solar slowly starts growing again in 2027, fueled by continued third-party ownership project tax credit eligibility and higher retail energy prices

US solar PV installations and forecasts by segment



Source: Wood Mackenzie

US solar PV share of capacity, historical and forecast



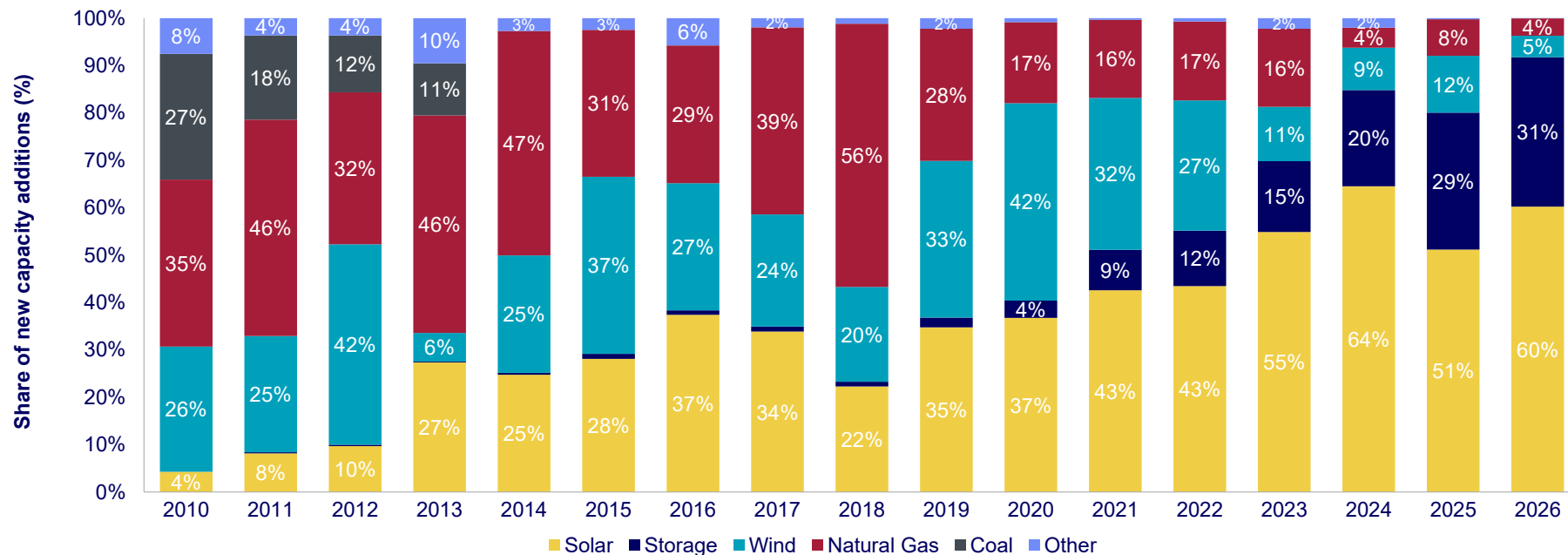
Source: Wood Mackenzie



Solar and storage made up 91% of all new generating capacity in Q1

Solar accounted for 60% of new electricity-generating capacity additions in Q1 2026

New US electricity-generating capacity additions, 2010 – Q1 2026



Source: Wood Mackenzie, Note: additions for the solar, wind, and storage technologies are sourced from [Wood Mackenzie data](#) while all other technologies are sourced from the US Energy Information Administration. Solar and storage data includes utility-scale and distributed (residential, commercial, and community) projects.

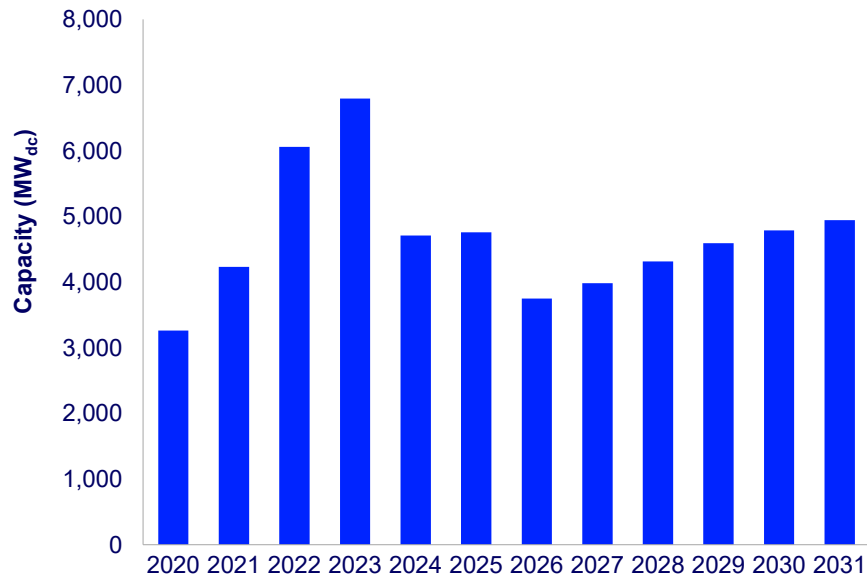


Residential PV

A major installer's bankruptcy and limited tax equity availability present more challenges for the residential solar

1,179 MW_{dc} installed in Q1 2026, up 6% from Q1 2025, down 15% from Q4 2025

Residential solar installations and forecast



Source: Wood Mackenzie

The residential solar market grew 6% year-over-year in Q1, marking one of its strongest quarters in the past two years other than Q4 2025

- Customer-owned projects had to be installed (not interconnected) by the end of 2025 to qualify for the Section 25D tax credit. As a result, overflow interconnections and demand supported solid installations in Q1, which is typically the weakest quarter based on residential solar seasonality.
- California, Florida, and Illinois led the residential solar installed capacity rankings in Q1 2026. Florida and Illinois both recorded their strongest quarters since the end of 2024.

After a significant contraction in 2026, the segment will begin recovery and grow at an average annual rate of 6% between 2027 and 2031

- We downgraded our five-year residential solar outlook slightly this quarter. The bankruptcy of the second largest national installer, constraints in tax equity availability, and updated permitting data contribute to our expectations of a starker drop off in capacity in the next quarter or two and an overall 21% market contraction in 2026.
- The segment will return to growth starting in 2027, fueled by continued third-party ownership (TPO) project tax credit eligibility, and momentum in prepaid TPO offerings, though growth will be tempered by weak loan and cash demand.
- Safe harboring activity before July 2026 will allow TPO projects to remain eligible for the tax credits through 2030. However, we expect growth to slow starting in 2029, reflecting balance sheet limitations for some TPO providers and the challenges of companies forecasting demand that far into the future.

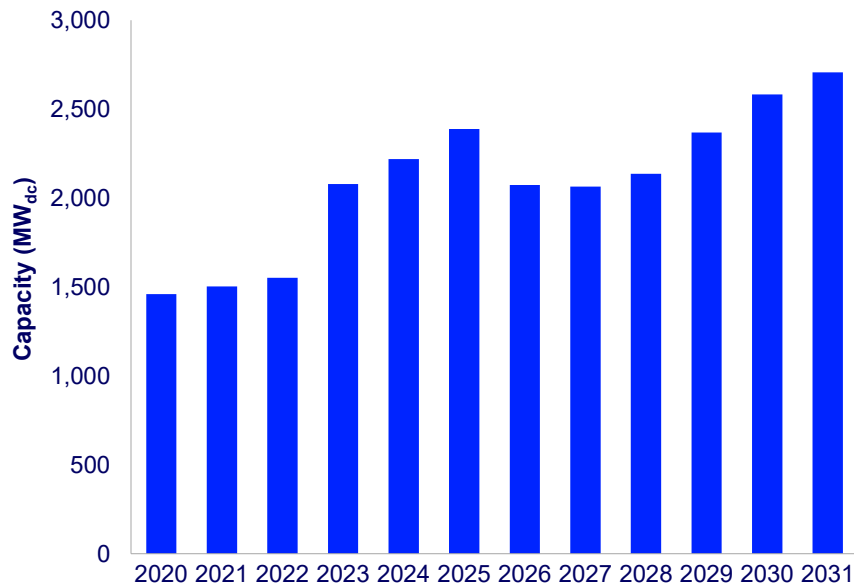


Commercial PV

The commercial solar segment secures second-highest Q1 on record, fueled by robust NEM 2.0 California installations

523 MW_{dc} installed in Q1 2026, down 4% from Q1 2025, down 25% from Q4 2025

Commercial solar installations and forecast



Source: Wood Mackenzie

New commercial solar capacity additions driven by California, with Illinois and Pennsylvania gaining ground

- California led new commercial solar capacity with 201 MW_{dc} installed in the first quarter, representing 38% of national installations. NEM 2.0 projects continue to come online, but these projects are expected to decline substantially as the deadline to install was April 2026.
- Other top performing commercial solar states in Q1 were Illinois and Pennsylvania. Illinois added 49 MW_{dc} of capacity, supported by incentives like Illinois Shines. Pennsylvania added 40 MW_{dc}, driven by businesses mitigating rising retail rates.
- Developers continue to lean on regional expertise, open communication, and trusted relationships to navigate interconnection queue congestion and permitting delays.

Following a 2026 contraction, safe harbored project buildout and rising retail rates will drive sustained market growth through 2031

- We project a near-term contraction in 2026, primarily driven by California's transition to its new tariff regime. We also expect other legacy markets, such as New York and Massachusetts, to install less new commercial solar capacity in 2026, driven by lengthy interconnection delays and decreased pipeline volumes.
- The commercial solar market will stay relatively flat in 2027 and rebound from 2028 to 2030 as developers race to energize safe harbored projects within the four-year window. By 2031, rising retail rates and an increased focus on bill savings in the commercial and industrial spaces will become dominant drivers of sustained market growth.

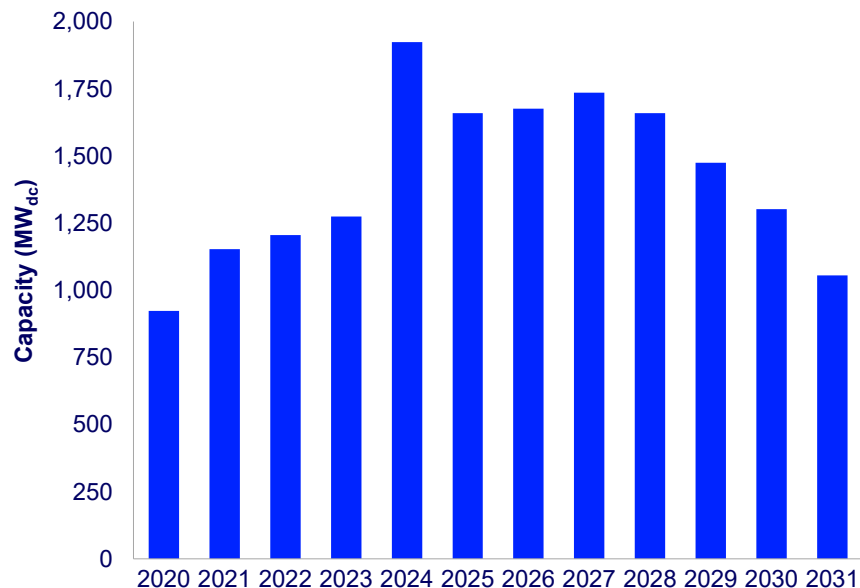


Community solar PV

Illinois and expanding programs in the Mid-Atlantic drive expected national community solar growth in 2026 and 2027

247 MW_{dc} installed in Q1 2026, down 4% from Q1 2025, down 67% from Q4 2025

Community solar installations and forecast



Source: Wood Mackenzie

Strong project pipelines and improving queue efficiency bolster near-term outlook ahead of ITC expiration

- New York drove most of the year-over-year contraction in Q1 2026, with new installations totaling 61 MW_{dc}, a 46% decline compared to Q1 2025.
- We expect the national community solar market to grow by 1% this year, reaching approximately 1.7 GW_{dc}. Near-term growth is driven by an 8.2 GW_{dc} project pipeline.
 - Top developers safe harbored equipment for their project pipelines ahead of the December 2025 deadline, partially shielding them from FEOC exposure risk.
 - Improving queue efficiency in top markets including Illinois and New York, in addition to program expansions in New Jersey and Virginia, resulted in a 13% increase to our five-year outlook compared to last quarter.

National market growth will decline beginning in 2028 in the absence of new state programs

- Overall, we expect the community solar market to contract by an average of 7% annually through 2031. Beyond the build-out of ITC-eligible projects in the pipeline, state-level market saturation and less favorable project economics will limit new development to just a handful of markets.
- In the absence of new traditional community solar programs, developers are broadening their business models to capture the emerging opportunities to deploy small utility-scale solar, typically up to 20 MW_{dc}, and storage projects connected to the distribution grid.

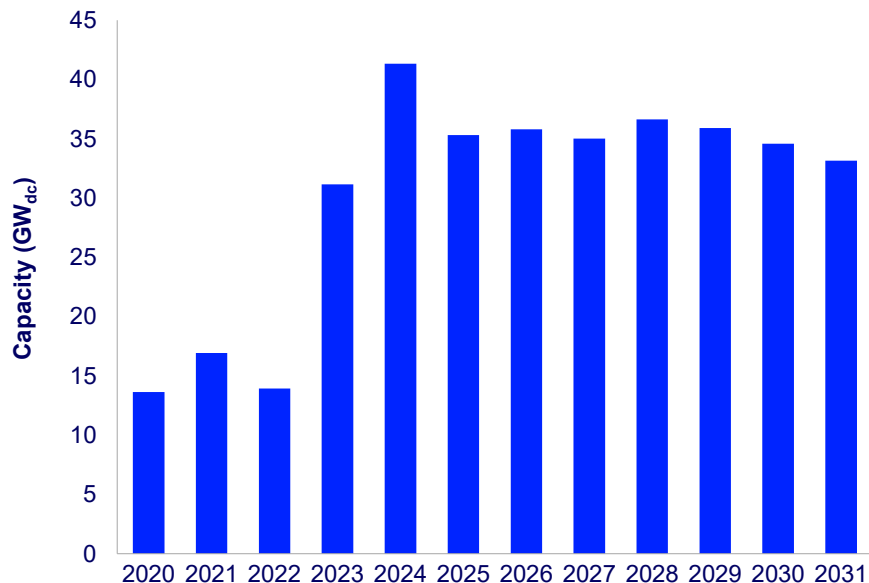


Utility solar PV

Despite a slow Q1, strong project execution and contracting are expected to sustain installation momentum

5.9 GW_{dc} installed in Q1 2026, down 34% from Q1 2025, 211 GW_{dc} of utility-scale solar will be added between 2026 and 2031

Utility solar installations and forecast



Source: Wood Mackenzie

Slow Q1 installs mask strong underlying momentum, supported by on-schedule project execution and a 15% increase in contracting activity

- Q1 is typically a slower installation period, and the 2026 project pipeline is heavily weighted towards projects scheduled to come online in Q2 and Q4. Despite lower first quarter volumes, project execution remained strong, with nearly all projects completed on schedule or two to three months ahead of plan.
- Installation activity was primarily concentrated in Texas, Florida, Indiana, and Ohio.
- Contracting activity remained strong with 6.3 GW_{dc} of capacity signed in Q1 2026, representing a 15% increase year-over-year. Contracting activity was driven primarily by projects in Texas, with offtake agreements led by data and technology companies.

We expect the utility-scale segment to add 211 GW_{dc} between 2026 and 2031

- Permitting continues to constrain near-term capacity additions, in part due to the Department of the Interior's memorandum on solar and wind development. We estimate this is affecting roughly 30% of the early-stage solar project pipeline.
- Improved visibility into safe harbor pipelines led to a modest increase in expected capacity in our outlook, with gains largely concentrated in 2028. These increases are happening mostly in Florida, Michigan, Arizona, and Arkansas, predominantly through aggressive safe harbor strategies.

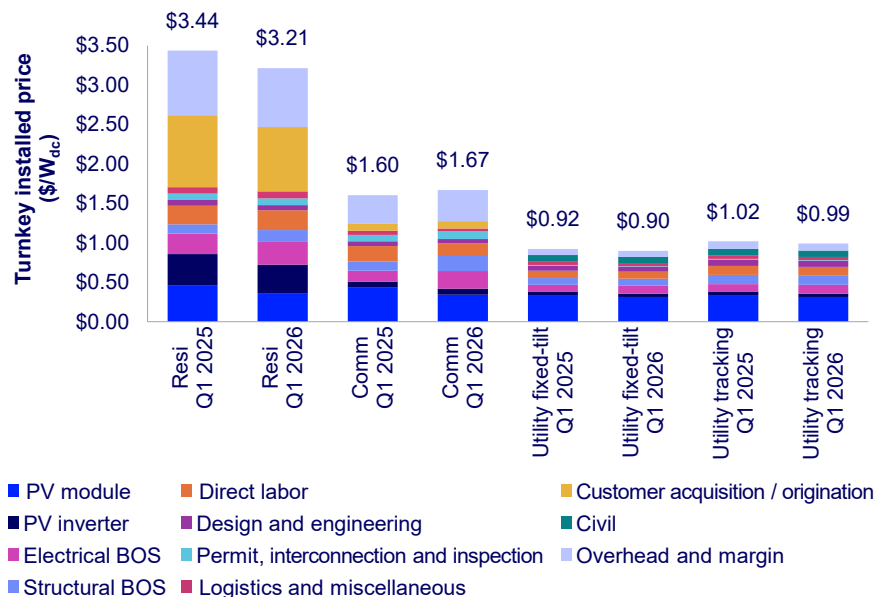


National solar PV system pricing

System prices fell year-over-year across all segments, except commercial, which rose by 4% in Q1 2026

Note: We employ a bottoms-up modeling methodology to capture, track and report national average PV system pricing by segment. Prices are reflective of 'overnight' pricing incurred in the year in which the project is being contracted, and no procurement or construction lags are being factored into modelling assumptions. The methodology is based on the tracked wholesale pricing of major solar components and data collected from industry interviews. Wood Mackenzie's supply chain data and models are leveraged to enhance and bolster our pricing outlooks.

US national average system prices by market segment



Source: Wood Mackenzie

PV system prices fell for all segments except commercial in Q1 2026

- Residential system pricing is down 7% year-over-year.
- Commercial system pricing is up 4% year-over-year.
- Utility-scale system pricing is down 3% for fixed-tilt and single-axis tracking year-over-year.

The decline was driven by module prices decreasing across all segments and lower residential customer acquisition costs

- Module prices declined by more than 20% annually for the distributed generation segment (residential and commercial). The decline was 8% for the utility segment.
- This relief stems primarily from the repeal of International Emergency Economic Powers Act (IEEPA) tariffs, which had ranged from 20–50% for some sourcing regions, such as Indonesia and Laos.
- Despite module prices falling to \$0.34/W_{dc} in Q1 2026, compared to \$0.43/W_{dc} in Q1 2025, commercial system prices increased by 4% year-over-year to \$1.67/W_{dc}.
 - Equipment costs for both electrical and structural balance-of-system have increased by 60% year-on-year for the commercial segment.
 - Section 232 metal tariffs have driven up costs for both imported and domestic equipment. US manufacturers have also faced higher costs as local suppliers raise prices in tandem with the tariffs.



State solar PV installation rankings, Q1 2026

State	Ranking			Installations (MW _{dc})		
	2024	2025	Q1 2026	2024	2025	Q1 2026
Texas	1	1	1	10,831	11,129	1,591
Florida	3	4	2	4,859	2,248	1,044
Ohio	5	7	3	2,697	1,633	617
Indiana	10	3	4	Underlying data available in the full report		
California	2	2	5			
Illinois	4	5	6			
Michigan	23	13	7			
Arizona	6	6	8			
Oregon	39	39	9			
Mississippi	14	23	10			
Oklahoma	30	20	11			
Virginia	13	16	12			
Missouri	19	14	13			
New York	7	8	14			
Pennsylvania	20	18	15			
New Jersey	28	30	16			
North Carolina	33	22	17			
Puerto Rico	27	29	18			
Louisiana	15	24	19			
Massachusetts	26	28	20			
South Carolina	38	25	21			
Colorado	25	9	22			
Connecticut	32	26	23			
Maryland	29	17	24			
Nevada	8	27	25			
New Mexico	11	15	26			



State solar PV installation rankings, Q1 2026

State	Ranking			Installations (MW _{dc})		
	2024	2025	Q1 2026	2024	2025	Q1 2026
Minnesota	22	21	27	Underlying data available in the full report		
Hawaii	31	34	28			
Maine	18	38	29			
Washington	34	40	30			
Arkansas	9	10	31			
Iowa	21	42	32			
Utah	17	12	33			
New Hampshire	41	43	34			
Wisconsin	16	19	35			
Montana	44	46	36			
Idaho	35	33	37			
Rhode Island	40	41	38			
Kansas	46	32	39			
Washington DC	43	44	40			
Georgia	12	36	41			
West Virginia	37	37	42			
Vermont	48	47	43			
Delaware	45	45	44			
Kentucky	24	11	45			
Nebraska	47	48	46			
Wyoming	49	49	47			
Alaska	51	50	48			
North Dakota	52	52	49			
South Dakota	36	51	50			
Tennessee	50	31	51			
Alabama	42	35	52			



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