



The Conversation

READING EAGLE: LAUREN A. LITTLE

Jim Kurtz

President, RER Energy Group and Sunvestment Group

Jim Kurtz was on the fast track. Undergrad at the Wharton School at Penn. Harvard MBA. Working on Wall Street for the Blackstone Group, one of the biggest investment banks in the world. Then he left New York for Pennsylvania, becoming vice president of business development at QVC. He started RER Energy Group and Sunvestment Group, both tied to the solar industry, with a healthy dose of venture capital funding. Kurtz, 45, talked recently about the evolving solar power business and his arrival in it.

Business Weekly: I'm a little bit familiar with RER Energy Group because we've done some stories about you. So let's start with the Sunvestment Group. What is that?

Jim Kurtz: Sunvestment Group is a Web platform. Solar creates tremendous value. Incentives are still covering the majority of the costs, and then the benefit is, you're getting a free fuel source from the sun for over 30 years. So the combination of much of the upfront

cost being covered and then getting free fuel creates a lot of value, and we have gotten a grant from the state of New York to help develop a platform to allow people to make investments in this space. (The platforms) would match those who would like to install solar that can't take advantage of the tax incentives — nonprofits and churches, for example — with investors who can take advantage of the tax incentives and get very good re-

turns with a very low level of risk. ... So if you're a for-profit, low interest rates and still-high incentives allow you to lock in your costs for the next 30 years at 3 cents a kilowatt hour. Most people are paying 8 cents, 6 cents, 10 cents.

BW: For our traditional electricity generation sources?

Kurtz: Correct. (And) now maybe the nonprofits are locking in 5 or 6 cents for the next 30 years, versus 6, 7, 8 cents today, and which will go up X percent a year over time. It's a tremendous value creation.

BW: And I'm guessing it still benefits RER because you pick up some of the installation work?

Kurtz: RER is a development and installation firm. Yes, we will go out and educate any specific location that is interested in pursuing solar. Sunvestment is a platform and will be made available to many developers and others.

BW: So the business doesn't necessarily come to RER?

Kurtz: Correct.

BW: You mentioned a couple of times the incentives that are out there in the form of tax credits. Does Pennsylvania still have those tax credits?

Kurtz: The primary incentive is a federal incentive, which is a 30 percent tax credit that expires at the end of 2016. It either goes to 10 percent, (or) President Obama recommended that it be replaced with different tax credits. So it might go away completely, but either way the 30 percent is coming down significantly at the end of 2016. So that's the one. There used to be grant dollars available in Pennsylvania, and those have gone away. And some people think without those grant dollars, it is no longer affordable. What's not known is that prices overall have dropped 60 percent for total installations. So price reductions have far exceeded elimination of state grant amounts. There's still in Pennsylvania something called the SREC market, which stands for solar renewable energy credit, and those fluctuate in price a little. They've gone back up as of late, and they are still part of the overall in-

centives that come back. In Pennsylvania, just to fully give you the rundown: 30 percent tax credit, depreciation benefits will provide approximately another 30 percent, these SRECs will provide 10-15 percent of the cost of the system back. So in Pennsylvania you are getting approximately 70-75 percent of the cost back in terms of reduced taxes and other types of incentives.

BW: And that's not even factoring in the long-term cost savings from solar.

Kurtz: That's all before what you are talking about what energy is generated. It's just the cost of that asset.

BW: Are businesses in Berks County open to hearing those numbers and making the jump to solar?

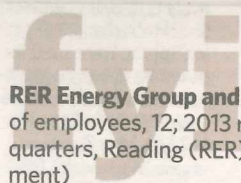
Kurtz: We have gotten three calls in the last week, which is a significant increase. And the reason for that is people focus on pain, and there has been pain. There was pain in January and February. ... We had such a long cold spell, and the price of natural gas spiked, and the price of electricity spiked. (People are) looking at how to mitigate that.

BW: And how would solar address that?

Kurtz: One of the benefits of solar is that you are turning an unknown variable cost into a fixed known cost. When you buy electricity from a provider, your cost goes up or down as gas or coal or oil prices go up or down. With solar, the fuel is free. You've got to pay for it upfront, but you lock in your cost structure.

BW: You're a numbers guy. You went to Wharton. You went to Harvard Business School. Why did you want to get into solar? What did you see in solar?

Kurtz: It was purely the economics. I happen to believe that this clean energy is good for the world, and there are environmental benefits, but we don't focus on that. It's kind of a secondary benefit. The primary benefit is, if



RER Energy Group and Sunvestment Group: Number of employees, 12; 2013 revenue, not disclosed; headquarters, Reading (RER) and Cortland, N.Y. (Sunvestment)

Background: Bachelor's degree in economics from the Wharton School of the University of Pennsylvania; MBA from the Harvard Business School; financial analyst for investment banks in New York City, including the Blackstone Group; vice president of business development for QVC.

Personal: Lives in Muhlenberg Township.

Hobbies: Tennis, travel, music; co-founder of MusicianCorps.org, a San Francisco-based nonprofit that trains and places musicians as teachers, mentors and care workers in public schools and social agencies.

Favorite book about business or leadership: "The Goal: A Process of Ongoing Improvement" by Eliyahu M. Goldratt and Jeff Cox

Best piece of management advice: "Spend more time building upon people's areas of strengths as opposed to improving areas of weakness."

What two or three things do you spend most of your time on during an average week? "Preparing and delivering presentations throughout the Mid-Atlantic. Identifying team builders: people with a passion for renewable energy and advanced technological or financial skills."

What is the No. 1 challenge you're dealing with at your company right now? "Developing clear marketing collateral to deftly communicate significantly improved solar economics and the urgency to move forward before available incentives decline."

you want to obtain your energy at the most cost-effective source, you should be utilizing solar energy. I fully believe that. That's why we invested in a system. We own a system for a company called Aerzen in Coatesville. It's a \$600,000 to \$700,000 system, so we're taking our profits and putting them into these systems to own them. We really believe in what's happening, and it was just observing what economics are available from a standpoint of, again, these incentives and free fuel source.

BW: One last question. We did a story probably two years ago about the state of the solar business and there was a Wild West aspect to it. Has that changed, or how would you

characterize it today?

Kurtz: Throughout the world, solar installations have gone from (the equivalent of) three nuclear power reactors to 30 nuclear power reactors. You saw a similar explosion of businesses of trying to go into that market. Pennsylvania, which had five certified installers or so back in 2007, went to over 600 and now has backed down into the low hundreds or so. So there's been a lot of evolution and some people went in and came out. Is it Wild West? There's a lot of confusion in terms of how the economics work; there's just misinformation. Hopefully the combination of education plus high quality systems will be something that will work over time. ■

— Interview by Dan Fink

Newsmakers

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Metz Culinary Management, Dallas, Luzerne County, promoted **Dennis Daley** to vice president of higher education and independent schools. Daley of Macungie, Lehigh County, will be responsible for all aspects of the company's higher education and independent school business partners. He had served as district manager at Metz since 2003.

The Berks County Board of Commissioners appointed **Anthony Rymar**, manager of environmental engineering for UGI Utilities Inc., Reading, to the Berks County Solid Waste Authority. Rymar joined UGI Utilities as an environmental engineer in 2008 and was promoted to his current position this year.

Customers Bank, Wyomissing, named **Carla A. Leibold** senior vice president, chief accounting officer and controller. Leibold of Slatington, Lehigh County, oversees the bank's accounting operations, accounting policy and financial reporting functions. Previously, she was principal accounting officer, vice president and controller for the Federal Agricultural Mortgage Corp. Leibold received a bachelor's degree in accounting from Penn State.



South Mountain YMCA Camps, South Heidelberg Township, named **Mark S. Glossick** director of dining services. Glossick of Tilden Township is responsible for the cleanliness, sanitation and safety in both the kitchen and dining hall. He plans and prepares all meals and snacks for visitors, and hires, trains, supervises and evaluates all food service support staff for summer camp and the outdoor center. He is a 1996 graduate of Northampton Community College, Bethlehem.



South Mountain also named **Amanda M. Griffith** youth and family director. Griffith of Abington, Montgomery County, is responsible for all youth and family programs and the staff for day camp and other youth and family programs. She received a bachelor's de-

gree in peace studies from Goucher College, Baltimore.



South Mountain also promoted **Cortland Evans** to adventure program director. Evans of Exeter Township is responsible for all adventure programs. Previously, he was the Bynden Wood day camp director at Bynden Wood, a South Mountain YMCA program. He received bachelor's degrees in environmental studies and expeditionary studies from the State University of New York.



Pottstown Memorial Medical Center promoted **Tammy Straub** to chief nursing officer. Straub of Springfield Township, Montgomery County, joined the organization in 2010 and took on the role of assistant chief nursing officer in 2012. Straub received a bachelor's degree in nursing from Wilmington University, New Castle, Del., and a master's degree in nursing and certification as nurse practitioner from DeSales University, Center Valley.



Delaware Valley Utility Contractors, a Reading company within the Empire Group, promoted **Michael Zeller** to vice president. Zeller of Denver, Lancaster County, manages estimating, project management and day-to-day operations for the company, which provides utility installation, 24-hour emergency utility repairs, vacuum excavating and directional drilling. Previously, he was utility division manager.



Delaware Valley also named **David Olson Jr.** vice president of operations. Olson of New Holland, Lancaster County, works with clients, manages projects and supervises workers at sites in Pennsylvania and New Jersey. Previously, he was senior operations manager. Olson studied management at Marquette University, Milwaukee. ■