

Solarize Economics

Installing a solar electric or solar hot water system on your property requires a substantial investment. Yet, the time has never been better to go solar. Ten years ago, a solar array paid for itself in 15-20 years. Today, it takes about 6-8 years. And Solarize customers might shave another year or two off of that, depending on what tier is reached.

How does the system pay for itself? Here's the short answer: Rebates, tax incentives and the Solarize discount offset your initial investment. Once your system is up and running, you "make money" by saving on your electric bill, and by selling your "solar credits". Want the long answer? Read on.

Cost: The typical solar array has 24 panels, produces 6,500 kilowatt-hours per year, and reduces a monthly electric bill by \$80. The investment needed to purchase a 6-kilowatt system starts at about \$26,000 (sales tax-free), and drops to \$10,000-15,000 after rebates, incentives and the Solarize discount. Your actual cost depends on a number of factors, including the size of your solar installation. Call us for a personalized proposal.

Payment Schedule: A \$1,000 deposit is paid upon contract signing. The remainder is due in three installments, (a) upon receipt of the building permit, (b) when installation begins, and (c) upon receipt of the interconnect authorization from your utility.

Break-Even Point: For a typical 6-kW system, the approximate annual electricity saving is \$960, and income made from selling SRECs (see below) is about \$3,000, so you break even on your investment in about 5-6 years. Your actual break-even point depends on variables including electricity usage, the prices charged by your electric company, SREC prices, and the size of the array you install.

Solarize Discount: The prices for solar energy systems through Solarize are discounted considerably off of regular retail rates. This discount could amount to several thousand dollars in savings.

IMPORTANT NOTE on rebates and tax credits: The different incentives can be confusing, but you should know they are consistent *regardless* of which company you choose to install your panels. If a solar installer tells you they can get you better incentives, don't believe them. And the Solarize discount is available only through New England Clean Energy.

State/Utility Rebate: The state "Commonwealth Solar Rebate" (which is actually funded by ratepayers of the state-regulated electric companies) is \$2,000 for a 5 kW or larger system, less for smaller systems. An additional \$250 is added if your installer uses Massachusetts-made equipment. Another \$2,000 may apply if your home's assessed value is less than a certain amount (varies by county) or your household gross income is less than \$95,420 per year (or \$75,810 for a one-person home).

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The maximum rebate is \$4,250. Some municipal electric companies offer similar rebates.

State Tax Credit: Equal to 15% of the cost of your system, up to \$1,000 maximum.

Federal Tax Credit: Equal to 30% of the cost of your system, with no cap.

NOTE on tax credits: The state and federal tax credits are *not* deductions that lower your taxable income. They actually reduce the amount of tax you owe on April 15. So, if you owe \$5,000 to the IRS but have a \$3,000 tax credit from your solar installation, you pay the IRS only \$2,000. If you owe nothing to the IRS, they send you a check for \$3,000. You have the option of dividing the tax credit into two separate tax years.

Property Values: Solar panels actually increase your home's value. A recent Lawrence Berkeley National Labs Study found that every dollar saved by your solar system increases the re-sale value of your home by \$20. For example, a 5.7-kW solar array adds \$19,300 of value to your home. Yet solar panels are exempt from property tax for 20 years, so they don't increase the amount of real estate tax you pay. That's a rare win-win for the homeowner in today's real estate market.

Earning Income with SRECs: Through a state program, you can "sell" Solar Renewable Energy Certificates (SREC) for \$0.30-0.55 per kilowatt-hour, earning money from your solar output. This concept can be hard to grasp; basically, to increase the amount of solar in Massachusetts, the government created a market that rewards you for producing clean energy. A typical, 6kW system can make around \$3,000 in SRECs per year. See the sheet "How SRECs Work" for more details.

Other Ways to Make Money: New England Clean Energy offers a referral rebate and a multi-system rebate. See "Rebates & Warranties" for details.