



FREQUENTLY ASKED QUESTIONS

What is a solar lease or solar power-purchase agreement (PPA)?

Solar leases and solar PPAs are similar to renting your solar panel system. With a solar lease, you agree to pay a fixed monthly “rent” or lease payment, which is calculated using the estimated amount of electricity the system will produce, in exchange for the right to use the solar energy system. With a solar PPA, instead of paying to “rent” the solar panel system, you agree to purchase the power generated by the system at a set per-kWh price. Under these arrangement, the solar lending company owns and maintains your solar panel system, so it is entitled to the rebates, tax breaks, and financial incentives that are available for the solar system. Consumers can indirectly benefit from those savings through lower electricity rates.

What is a solar loan and how do I obtain one?

For solar shoppers who lack the capital for a cash purchase but want to maximize the financial benefits of their solar energy system, the solar loan is the best option. Solar loans are similar to other home improvement loans, except that a solar loan allows you to own an asset that generates significant financial value, including the value of electricity generated by the solar panel system, the 30% federal investment tax credit and other applicable rebates and incentives like solar renewable energy certificates (SRECs). In addition to traditional banks, there are many other institutions that offer solar energy loans:

- Solar panel mfgs
- Credit Unions
- National Lending Institutions
- Public-Private Partnerships
- Utilities
- Municipalities.

Should I buy or lease my solar panels?

It depends. There are practical differences between buying and leasing solar that you should consider. Not all companies offer solar leases and/or Power Purchase Agreements (PPAs). Confirm that your chosen provider offers the financing option that you want most.

Practical Differences between Buying and Leasing Solar

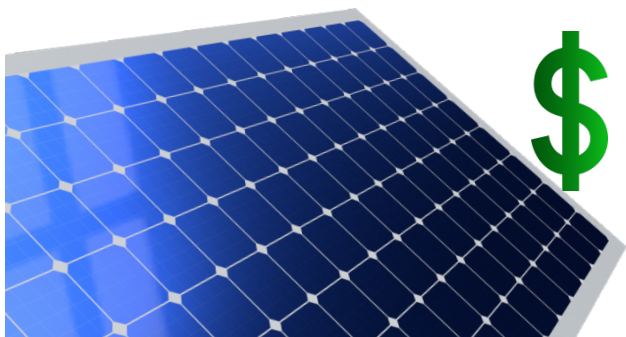
Installation Cost

Solar loan/cash purchase

- Solar power systems can cost \$15,000 to \$30,000 before rebates and incentives
- Cash rebates can reduce the total cost by up to 50 percent.

Solar loan/cash purchase

- You can get a solar energy system for little or no money down.
- You don't qualify for tax credits, rebates, or incentives – those belong to the third party owner of the system.





What happens to solar panels on cloudy or rainy days?

Solar panels can use direct or indirect sunlight to generate power, though they produce substantially less electricity on cloudy or rainy days. On those days, owners will draw most of their electricity directly from the grid. Rain actually helps to keep your panels operating efficiently by washing away any dust or dirt.

What happens if it snows? Do I need to clean the solar panels?

Solar panels do not need to be cleared of snow. Because they are installed at a 30% pitch or more, and because the glass in each panel warms when exposed to the sun, snow will either slide off the panels or quickly melt. Solar panel systems generate the majority of their annual electricity production during the spring, summer and autumn months.

Should I buy a system now or wait? Is the technology getting better? Are prices falling?

Solar technology is certainly improving with time. But there is no game-changing technology waiting in the wings that will dramatically alter the economics of solar. It is already a mature technology. Also, the federal and state government will likely reduce the number and amount of currently available tax incentives and rebates, and may eliminate them altogether as solar panel prices continue to drop.

What is Net Metering?

Net metering is an electricity policy for consumers who produce electricity with solar panels. The panel-produced electricity that exceeds the amount required to power the property owner's home or business is sold back to the utility through the electricity grid. The surplus electricity is credited against the charge for any electricity that the property owner took from the grid.

What are Solar Renewable Energy Certificates/Credits (SRECS)?

SRECS exist only in states like Massachusetts that have Renewable Portfolio (RPS) legislation. RPS legislation requires utilities to deliver electricity to their customers that is produced from a combination of renewable and non-renewable sources. SRECs are electronic tags assigned to specific amounts of solar panel produced electricity. The electronic tags allow utilities to certify that they have included the mandated percentage of renewable electricity in their portfolios.

Solar panel owners in MA receive additional income from their solar systems by selling the SRECs assigned to the electricity that their solar systems produce. SRECs thus increase the economic value of an owner's investment in PV, and in conjunction with state and federal tax incentives, make it easier to finance the solar system.

For more information, please contact Mr. Daren Cheatham,

Massachusetts Department of Energy Resources, Clean Energy Division and Clean Energy Finance