



SOUTHERN CALIFORNIA  
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# Solar Energy Is More Affordable Than You Think

SCE Solar Series:  
**Flexible & Convenient Financing Options**



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# Go Solar and Save



Installing a solar system can help you save on your electric bill and reduce your carbon footprint. Read on for an overview of financing options to help you take the next step in bringing renewable energy to you.

## Loans

Studies show taking out a solar loan can save as much as 29% over lease arrangements.<sup>1</sup>

## Tax Credits

When you purchase a solar energy system, you may be eligible for a 30% federal tax credit.

## Leases

Leasing your solar energy system can be a great way to go solar affordably, while potentially reducing ongoing maintenance costs.

## Increase Your Purchase Power

A community aggregated purchase can save you up to 15%.<sup>2</sup>

<sup>1</sup> "Rooftop Solar Loans Beat Out Leases," UT San Diego, February 2015. Referenced source: National Renewable Energy Laboratory.

<sup>2</sup> "Delivering Solar: Group Purchasing is Driving Down Costs for Customers," National Renewable Energy Laboratory, September 2011.

# Put Powerful Financing to Work for You

Now that you've made the decision to go solar, you can choose among several financing options, from leasing and loans to community aggregated purchase. To help you decide which are right for you, we have provided summaries of things to consider, plus some smart financing tips.



## 30% Federal Incentive Tax Credit

You may be eligible for a 30% federal investment tax credit (FITC) on the net cost of your system. Consult the IRS or your tax consultant for details.

## AB 811 Property Tax Loans

California Assembly Bill AB 811 Municipal Clean Energy Program permits some cities and counties to provide low-interest solar loans to residents and businesses. The loan is then repaid through assessments on your property tax bills over the next 20 years. Your cost is based on the interest rate your city offers.

If you sell your home or business, the annual assessments are passed to the new home or business owner. Contact your city or county to find out if your city makes the AB 811 program available.

## Green Loans

Many financial institutions offer "green loans" for upgrades such as solar and wind energy systems, energy efficient windows, water and septic systems, and heating systems. Ask your bank or financial institution if green loans are part of their consumer loan portfolio.

## Lease Solar: Residential and Non-residential Power Purchase Agreements

If the upfront net cost to own a solar energy system is too high, you can go solar with a Power Purchase Agreement (PPA), which means a solar company pays for, owns and maintains the solar energy system. In turn, they sell the power

to you for a monthly fee with a long-term contract.

Upfront costs are minimal — sometimes even zero — and many homeowners and businesses see an immediate drop in their energy bill. If you decide to sell your home or business, the solar installation may be transferable to the new home or business owner.



## Solar Energy Equipment Leases

Some solar contractors offer a lease or a lease-to-own arrangement on solar equipment, so you can go solar with low interest expenses. With a lease term as short as 5 to 7 years, your system could generate energy savings at minimal or no cost to you. In the long term, your system would generate electricity that's practically free for years to come. Contact your bank or equipment financing source for details.

## Community Aggregated Solar Purchase

Many contractors offer volume discounts to groups of homeowners who invest together. Community aggregators assemble groups of homeowners all over California to teach them about using solar energy and to give them the bargaining power to negotiate discounts with contractors, sometimes saving homeowners as much as 15%. There is no cost to you for the service because the community aggregators collect their fees from the solar contractors. If you don't want to use a service, you can increase your purchasing power by leveraging neighbors, homeowner associations and communities to establish your own group purchase, with individual contracts for each home, condominium or business.

# Smart Solar Financing Tips

- ✓ Purchasing a rooftop solar system with cash is always the most cost-effective way to finance
- ✓ Buying a rooftop solar system under a short-term loan can still result in higher initial energy costs than either a lease or standard utility rates
- ✓ Solar loans typically save between 19% and 29% on energy costs compared with lease or PPA agreements
- ✓ Interest on solar loans can run as high as 8%, but that still beats the financing costs built into a lease

Source: National Renewable Energy Laboratory study. "Rooftop solar loans beat out leases," utsandiego.com, Feb. 2015.

## ? Did You Know...

You can save up to 50% on your long-term energy costs if you purchase a new solar system for your home — or up to 30% by leasing.

**For more tips and information on solar energy, visit [sce.com/gosolar](http://sce.com/gosolar).**

# Lease or Own? What's Right for You

Whether you choose to lease, enter into a PPA or purchase your new solar energy system, there are advantages to each option. Here we have provided a side-by-side comparison of some things to consider as you make your decision.

	Own	Lease
<b>Eligible for 30% federal tax credit</b>	You may be eligible	You are not eligible
<b>Upfront costs</b>	\$20,000-\$30,000 on average	Little or no upfront costs
<b>Ongoing energy costs</b>	You may reduce your bill to almost zero; you must pay for energy that your solar system does not offset	You will have a fixed monthly rate, no matter how much electricity is produced. For PPAs, there is likely a fixed amount of money per kWh produced.
<b>Responsible for maintenance</b>	You are responsible	Service provider is responsible. (Some maintenance may not be covered under the agreement.)
<b>Ownership if you move</b>	The new owner must purchase the system from you	You can work with the service provider to transfer the contract or buyout the remainder of the contract at fair market price. Note: New homeowner must financially qualify to take over the PPA agreement.
<b>Avoiding risks</b>	You are responsible for operations and maintenance costs and should always be aware of system performance to ensure it is maximizing energy production. (Data monitoring systems are critical.)	The solar services provider may go out of business and may not be able to provide operations and maintenance under the terms of your contract. In addition, provider rates are known to escalate over time. They often require long-term commitments of 25 or more years. Discuss permitted buyout options with the provider first.



## **SCE Solar Resources**

[sce.com/gosolar](http://sce.com/gosolar)

## **SCE Rebates and Incentives**

[sce.com/rebates](http://sce.com/rebates)

## **Federal Investment Tax Credit Form 3468**

[irs.gov/pub/irs-pdf/f3468.pdf](http://irs.gov/pub/irs-pdf/f3468.pdf)

## **Energy Commission's Database of Registered Installers**

[gosolarcalifornia.ca.gov](http://gosolarcalifornia.ca.gov)



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