



CELEBRATING
55 YEARS

nerej

James Dumas - What happens if my tenant leaves and I have solar on the roof?

September 29, 2011 - Green Buildings

It's a natural question that a property owner asks when considering to put a solar photovoltaic (PV) system on their roof - especially in these economic times. There's good news in the answer! In line with addressing practical issues in the commercial solar world, here are two explanations below:

Short Answer: The short explanation, for those knowledgeable of the solar climate in Mass., is that the system owner still earns SREC's and can redirect where the electricity is "net metered" to so that 100% of these two revenue streams are intact. The flexibility of the programs allows the system owner to protect their investment in solar. Some caveats do apply so check with your solar developer.

Deeper Dive: Some basic understanding of the Massachusetts Solar Carve-Out Program and Net Metering Regulations are needed to "follow the money". The Mass. Solar Carve-Out Program enables a solar system owner to earn one (1) Solar Renewable Energy Certificate (SREC) for every 1,000 kWh's of electricity produced by the system. Providers of electricity in Mass. (except municipal light plants) have a state mandated goal of producing a certain percentage of their electricity from renewable sources. As such, SRECs are sold to these providers to satisfy this requirement. A key point to understand is that SRECs are earned whether or not a tenant is there to consume the electricity. If the tenant leaves, that's where the flexibility in the Mass. Net Metering Regulations is enacted. Under Net Metering you can change the billing account you want to earn electricity credits (not to be confused with SRECS!). So if Tenant A leaves, you can make an arrangement with Tenant B, in the same building or across town (some limitations apply), to "virtually" consume the electricity that is being produced from the solar system. Technically, the electrons are flowing back into the utility's power grid and virtually the financial benefit is flowing to another tenant's billing account. There are some nuances to how it works so check with your solar developer for details. All in all these programs provide great financial protection and flexibility for a solar system owner who has a tenant.

A tenant leaving does NOT mean the loss of solar revenue! If you own property in Mass. now is the time to be considering solar...especially since the 30% Federal Grant expires at the end of 2011. James Dumas is a principal with Solect Energy Development, LLC, Hopkinton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540