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Solar - A smart financial choice, even before incentives

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Solar photovoltaic (PV) systems sound nice for the environment, but solar energy is too expensive for most building owners to consider, right? Actually, heading into 2013, that statement is no longer true. Even without federal and state incentives available for business owners that deploy solar solutions in Massachusetts, solar energy is at grid parity, meaning over the life of the system, business owners will pay the same for solar energy that they would for energy generated from a utility. When you add the incentives into the mix, solar stands out as the better solution.

Let's look at the factors that have created this situation, where the levelized cost of energy for solar is at parity with electricity generated by utilities. First, as the solar market has burgeoned, the cost of panels and mounting have dropped considerably. Because solar is so attractive to deploy in many states, including Massachusetts, more and more businesses are choosing solar PV solutions. This is creating economies of scale, and causing panel and hardware prices to drop. In fact, prices have never been lower than right now.

Second, solar installation companies have become more efficient in their processes, and installation costs have dipped slightly as a result. Maintenance costs and warranty periods have stayed level, but overall costs of the end-to-end installation process have dropped.

And last but not least, let's remember that incentives clearly tip the pendulum in favor of solar. Aggressive federal and state solar rebates make solar technology a more affordable investment than ever before for Massachusetts property owners:

A federal tax credit worth 30% of the cost of the system (with no upper limit) is still available through 2016.

SRECs (Solar Renewable Energy Certificates) are still solid. As an SREC refresher, utilities are required to generate a certain percentage of their energy each year from renewable energy sources. If the utility companies do not hit their targets for solar electricity generation in a certain year, they can either pay the state a fee, or buy these certificates from property owners that are using solar solutions. The price of these SRECs has dropped recently, but SRECs are still an attractive incentive for property owners.

Net Metering - the policy that gives you credit for extra solar energy generated in excess of usage - is also an attractive incentive. Property owners can use this excess energy at other properties in their portfolio.

Does solar make sense for your business? There's a simple formula to calculate the levelized cost of energy, but the best way to understand the overall financial benefits of solar is to contact a trusted solar project developer, who can take all factors - environmental, location, financial - into consideration.

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