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Solar leasing: An attractive way to go green and become a part of the renewable energy revolution

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Solar has taken Massachusetts by storm, and the state continues to rank in the Top 5 in the United States on its overall attractiveness for deploying solar PV solutions. According to the latest numbers from the Massachusetts Department of Energy Resources (DOER), solar installations across the state have grown by a factor of 20 since 2008. Companies are taking advantage of lucrative state and federal incentives to deploy projects that not only cut their electricity bills, but also provide new sources of revenue through the Solar Renewable Energy Certificates (SREC) II program and trim their tax bills through Investment Tax Credits (ITCs).

The good news: there's still plenty of room for Massachusetts companies to participate in the solar revolution. But for many companies, the up-front costs may be a short-term cash flow challenge or the company may not have the tax appetite that makes ITCs so appealing. The solution for these companies is solar leasing.

So what does solar leasing really mean, and how can it benefit Massachusetts companies? Under a solar lease financial model, a business or property owner acquires the solar array through a capital lease or operating lease. These financing methods are quite common for businesses that choose to deploy their capital in other areas of their business. Massachusetts has a "bankable" financing model with the state's SREC II program. There are traditional lenders, local banks and third-party investment sources who understand the dependability and predictability of SREC revenue to secure financing for businesses seeking to deploy solar. In operating leases, these lenders receive the tax credits and system depreciation as part of the agreement struck with the business. In addition, third-party investment firms have emerged and are working with businesses to provide loan and leasing products - i.e., there is an established lending market!

Solar leases offer a series of benefits. Businesses:

- * Incur no up-front capital costs;
- * Can receive 100% financing for their project;
- * Receive reduced energy costs over the life of the system;
- * Achieve a predictable ROI on their investment through the SREC program;
- * Increase their property values by installing a renewable energy solution;
- * Gain new revenue streams through the sale of SRECs; and
- * Get recognized by the community, their partners and their customers for their green initiatives.

Solar leasing is a great way for companies to become a part of the renewable energy revolution. Is solar leasing the right solution for your business? A professional solar developer can walk you through all of the options available and help you make the right decision for your individual business. James Dumas is principal of Solect Energy Development, LLC of Hopkinton, Mass.