



Good Reading

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A solar lease lets the sun in, for less

Homeowners capture savings of solar power without big investment

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Improved technology, tax credits and incentives are making solar a financially plausible power source. (Illustration: Steven Salerno/Cyberhomes)

Derek Sabori says it was just like calling for cable, with a little longer wait. But now, instead of 500 channels, he has solar power.

No down payment. No maintenance fees. Just clean electricity, and years of lower electric bills ahead.

“It was so painless and easy,” said Sabori, 36, a homeowner in Costa Mesa, Calif. “For people like us, who don’t have the sort of funds necessary to maintain and purchase a solar system, this was the way to get in the solar game.”

“It” is plug-and-play solar, a new approach that allows homeowners to install solar without the large initial investment. Instead, in exchange for a multi-year contract, Sabori leases solar panels, an inverter box to convert the energy to something grid-friendly and a breaker-box connection. Solar leases provide all the benefits of going green, say analysts, without the financial drawbacks.

“A lot of people want to go solar but are intimidated by the upfront costs and the concept of a big piece of electronics on their roof that they have to maintain,” said Jason Coughlin, a solar analyst with the Colorado-based U.S. National Renewable Energy Laboratory. “In many cases with these solar lease programs, there are no up-front costs, and depending on the program, no maintenance responsibilities. Once you qualify, you enter a lease agreement and then pay monthly as if you were leasing a car.”

It's taken a long time to make solar competitive with electricity. Improved technology, federal tax credits, and local and state incentives now make solar a financially plausible power source.

Interested in signing up? First, know that it's only available in five states. **FreEner-g** offers solar in Minnesota's Twin Cities. **Connecticut Innovations** provides rebates and coordinates solar leases in that state. **SolarCity**, which offers solar leases in California, Arizona and Oregon, plans to expand to five more states in 2009.

If you participate in a solar lease program, you'll still be hooked up to your local utility. Like a mini power plant, your roof panels feed the power grid during the day. The electric company records how much energy your panels generate and banks it. Then, when you use more power — usually at night — you pull that same power back from the grid. It's an approach called net metering.

Before you sign up, ask yourself — and your solar company — these questions:

Is your house a good candidate?

Only houses with good sun exposure are candidates. But don't guess. Ask a solar-lease company to give you a free consultation. Most will.

Do you have to pay a down payment?

FreEner-g requires a deposit based on the size of the system — usually \$1,000, said founder Gerardo Ruiz. SolarCity and Connecticut Clean Energy Fund, which funds Connecticut Innovation's program, don't charge.

"People call us and ask, 'How are you doing this?'" said Lyndon Rive, co-founder of SolarCity. "To change consumer behavior, you have to address two things: You have to make it super easy and hassle free. And it has to save them money."

But *will* it save you money?

If you spend less than \$150 a month on electricity, it's unlikely you'll see a financial benefit, said Rive. But if you spend \$150 to \$250 a month, you may save \$15 to \$20 a month, after paying your lease, by adding solar. Over a 15-year average lease, that amounts to a savings of \$2,700 to \$3,600. (Leases range from \$90 to \$200 per month, depending on the system size and the amount of energy you consume.)

With annual power increases of more than 5 to 10 percent in some states, hedging against higher future costs will make your investment more attractive, said NREL's Coughlin.

That argument appealed to Sabori, who saw his monthly bill drop from \$100 to \$78 after installing solar. "They told us, 'You're going to have small savings, because your square footage is small and you don't use a lot of electricity.' What I'm really hoping is that this will be a hedge against rate increases, locking in our rates at very small increases."

Is it a good investment?

While statistics are scarce, a 1998 study from the U.S. Department of Housing and Urban Development and the Environmental Protection Agency found that energy-saving measures, including solar, can add \$20 of value for every \$1 of yearly energy savings. If you save \$20 a month, you've added \$4,800 to the value of your home after one year.

While Sabori doesn't expect to stay in the home for the life of the 15-year lease, he does expect solar to be a selling point.

"I would never expect it to decrease the value," he said. "I figure as long as we can show that we're paying less for electricity, people will love it."

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