



SOLAR OWNERSHIP OPTIONS



As your Touchstone Energy® cooperative, we are your source for energy and information. Since interest in solar power generation is growing, we put together a series of fact sheets to help answer questions you might have. Contact us for more information about solar and assistance in making decisions about whether solar is a good option for you.

RENT OR BUY?

These are options you face when searching for a place to live and when you need a new vehicle. You'll face these same choices when you invest in solar. Here are some points to consider when exploring various methods of adding solar to your home.

PURCHASE

- You'll be responsible for making the decisions on what system to purchase, choosing a reputable contractor, and more. It's a big investment, so you'll need to spend time researching, asking questions, obtaining multiple bids, and reviewing contracts.
- To cover the cost of purchasing your solar system, you can pay cash or obtain a loan. The system will be yours, and you'll reap the benefits of all power you generate from the system.
- Because you are the owner of the system, you'll have to pay up front for the components and all installation and connectivity costs. You'll most likely be responsible for maintenance and repair costs and will bear liability for the system. While some installers offer service and maintenance contracts, not all do.

You may be able to negotiate that in your contract. Be sure to get details in writing before signing any contract.

- As the system's owner, you'll be able to take advantage of federal, state, and local incentives - including a 30 percent federal tax credit. This is not a tax refund and will decrease to 26% for systems installed in 2033 and to 22% for systems installed in 2034. (Consult your financial / tax advisor).



LEASE (THIRD-PARTY OWNERSHIP)

Note that third-party ownership—or leasing—is not offered in all locations. If this is an option for you, consider these points.

- Leasing should reduce your up-front costs to install a solar system. Some leases offer a no-money-down option, and some leasing programs are structured so that the projected savings in electricity purchases offsets the lease payments.
- You'll notice a wide range of solar lease programs. Variables include the amount of money you'll have to pay up front, the length and term of the lease, and responsibilities, both yours and the leasing company's. The differences between lease offers can be enormous, so be sure you understand all terms and conditions, and that you determine which options are most advantageous to your situation.

- With most solar leases, you'll enter into a long-term contract—usually 15 to 20 years. Although the system is installed on your home's roof, you won't own the system, can't claim Renewable Energy Credits (RECs), and can't take advantage of any state or federal incentives. That's because those rights belong to the leasing company. You will, however, receive all power produced by the solar system, at the rate negotiated in your contract. There are two primary leasing arrangements you might encounter. In one, you would sign a long-term lease for the hardware - like leasing a car. The second involves entering into a contract to purchase the power produced by the solar system that the leasing company installs on your roof.
- Some third-party solar companies also offer the opportunity for consumers to purchase their panels, either during or at the end of the contract. If you are interested in this option, be sure it is in the contract you sign.

GREEN POWER PURCHASE PROGRAMS

Rather than purchase or lease a solar system for installation on your roof, you may prefer to participate in your electric cooperative's Green Power Purchase Program. In such a program, cooperatives may purchase solar energy resources through a purchased power agreement (PPA) or may generate power from the sun through utility-scale solar projects constructed and operated by the cooperative. Cooperatives generally offer solar power to members in one (or more) of these ways:

- Including solar in the cooperative's power options. By adding solar to the energy mix, all members gain the solar advantage, and all members automatically participate in this program at no additional charge.
- Providing solar directly to individual members via a Green Power Purchase program. This program generally sells "renewable attributes of the power" (also called Renewable Energy Certificates or RECs) directly to interested customers. You may purchase as much or as little as you wish, generally with no contract or long-term commitment required. Solar power sold through this program may be generated outside your cooperative territory. As a purchasing consumer, you will receive a legal document (the REC) that certifies your purchase of a certain amount of solar energy each month from a qualified source.
- Implementing a community solar program. In some cases, your cooperative owns and operates the solar farm that generates the solar energy you purchase. Third-party providers also build and maintain solar farms, and since they are typically for-profit companies, they are able to take advantage of tax breaks that keep the upfront costs low, leading to a better cost to interested consumers through their Co-ops. The solar farm can be located in your community or in other surrounding areas that have better solar potential. This option is a good choice for consumers who can't logistically, or don't want to, install their own solar system. Because of the economies of scale offered, this system may be more economical than installing your own system. It also offers flexibility in your options.

This article was provided by Advanced Energy, a nonprofit energy consulting firm. For more information, visit www.advancedenergy.org.

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