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Part 3 - Solar Expert – Or Not?

This weeks Going Green is the 3rd installment in the “Solar Expert – Or Not?” series. If you missed any of the previous installments just send me an email (address is at the end of this article) and I'll send you a copy. Also keep in mind that past issues of Going Green are archived here -

<http://www.theenergyguy.com/Articles.html>

This week we'll take a look at solar lease programs.

Claim -

A solar company contacted me about leasing my family a solar power system. They said it's the “latest/greatest way to go solar, we'll only need to put a small amount of money down, and we'll save money every month on our utility bill.”

Reality -

It is indeed the “latest” new approach some of the largest solar companies out there are using to get home buyers to go solar. But is it the “greatest”? Yes, they do typically involve a small up front investment and, yes, they do save money every month on your utility bill. But like so many other things, there are little devils in the details! The bottom line is you'll be far better off if you can borrow money and own the system yourself.

So let's take a look at those devils in the details and learn why you're better off owning, rather than leasing, a solar power system.

First off, buying a solar system is a long-term investment. Choosing between buying a solar system or leasing one is similar to buying versus leasing a home. The owner of the home, like the owner of the solar system, is going to get the investment income, not the person holding the lease.

With a solar lease, the leasing company gets your tax credit and rebate, which is good for their business. They also end up with a share of your future electricity bill savings, sweetening the investment for them even further. In the end, the Wall Street investors forking out the capital to fund solar leases end up with pretty decent returns (ten percent or more). That return could have been yours if you'd purchased a system instead. So while a homeowner will gain some small financial benefits, Wall Street investors are taking the lions share for themselves. Virtually everyone “in the know” admits a homeowner is better off purchasing a system with bank financing. Even the (honest) leasing companies will admit this!

Leasing a system rather than buying it can also create problems when/if you plan to sell your home. As covered in past issues of Going Green, when you own your solar system it dramatically raises the value

of your home the day your meter starts spinning backwards. But when you lease a solar system you create a debt liability that a potential home buyer may not want to assume. What if the potential home buyer doesn't want your legally binding debt, doesn't want to deal with assuming the lease, or can't qualify for the lease assumption? The answer is you would need to pay a hefty penalty to break your lease agreement.

These are only two of the many reasons why owning your own solar system is always better than leasing one. Unfortunately my space here in Going Green is somewhat limited so for those that would like to read more on this subject here's a web site that gets into even more detail - <http://solarleasedisadvantages.com/>

In the end it will be you (or the future buyer of your home) that will decide whether to cash in on all the benefits that owning your own solar system offers.....or to lease a system and share them with Wall Street!

Ray Darby is President of Sustainable Energy Group Inc., a Grass Valley company offering energy efficiency and solar services for residential and commercial buildings, from comparing the alternatives through installation and servicing of energy systems of all types. You can reach him at 530-273-4422, via email RayDarby@SustainableEnergyGroup.com, or visit their web site at www.SustainableEnergyGroup.com.