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The High Resale Value of Solar Power

There's great news for owners of solar photovoltaic power systems as well as those folks that haven't yet invested in a system. Up until recently the only data we've had to refer to for the added value of a home with a Solar Photovoltaic (PV) system was a 1998 article from the Appraisal Journal titled "The Evidence of Rational Market Valuations for Home Energy Efficiency". Now we have two new sources that are far more up to date, more specific to solar, and they show even higher values than previously thought!

First it's important to acknowledge that in most cases PV saves more every month than it costs when it's purchased with a home equity line of credit or refinance. This was covered in an earlier column in Going Green titled "Solar Power – An Economic No-Brainer". The column also pointed out that it provides a higher return on investment than most any other investment (over 21% in the example given). If you missed that column you can download it here -

http://www.theenergyguy.com/05-12-11_SlrNoBrnr.pdf

Secondly, we now have a study of both new and existing homes that tells us the resale value of homes with PV are higher than previously thought. Lawrence Berkeley National Laboratory recently released the report "An Analysis of the Effects of Residential Photovoltaic Energy Systems on Home Sales Prices in California." This major new study of nearly 2000 California homes sold with PV installed shows the PV systems added an average of \$5.50/Watt (DC power) to their resale values, and a ratio of between 14:1 and 22:1 times the estimated annual electricity cost savings associated with the PV system. A two-page summary of the report's key findings can be found here:

<http://eetd.lbl.gov/ea/emp/reports/lbnl-4476e-rs.pdf>

The full report can be downloaded here:

<http://eetd.lbl.gov/ea/emp/reports/lbnl-4476e.pdf>

Along similar lines, the California Energy Commission will "go live" with the Solar Advantage Value Estimator (SAVE) early this summer. SAVE is designed to allow the user to calculate the present value of a new or existing solar photovoltaic (PV) system based on the amount of energy savings produced. SAVE will be available as an online tool on the Go Solar California web site. The new calculator will be tailored for use by home appraisers, realtors and others to assist in estimating PV system value. You can watch for it here:

<http://www.gosolarcalifornia.org/tools/calculators.php>

These new findings should come as welcome news for building owners with a little bit of equity left in their property that are looking for creative ways to reduce their monthly expenses! It also reinforces what we've been telling customers that have held back on installing solar PV because they may consider selling their home in a few years – the installation cost of the PV systems we're installing today is averaging less than the resale value; much less when you consider the installed cost of most systems is less than \$5/Watt (DC), before the rebate and 30% Federal Tax Credit!

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

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