

# Understanding Solar Purchasing Options

## Self-Owned System Options

	Cash Purchase	Loan or Line of Credit	GreenFinanceSF (PACE financing)
<b>Eligible Customers</b>	Residential & Commercial & Non-Profit/Government	Residential & Commercial & Non-Profit/Government	Residential & Commercial & Non-Profit/Government
<b>Description</b>	You buy and install the system outright, and enjoy reduced utility bills thanks to free solar electricity from the system.	A home equity loan or a secured line of credit. With loans you can often go solar without high upfront payments. Fixed and variable interest rates are available.	The municipality advances funds to cover the upfront cost of the system (after any rebates and incentives), and you repay the loan for the system over 20 years through a special line your property tax bill.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>No ongoing payments; free electricity from the sun reduces your utility bill.</li> <li>You own the system so you can take advantage of federal tax credits (and depreciation, for commercial owners).</li> </ul>	<ul style="list-style-type: none"> <li>Low to no upfront payment.</li> <li>Free energy after loan repayment.</li> <li>You own the system so you can take advantage of federal tax credits.</li> <li>You can write off the interest on a line of credit.</li> </ul>	<ul style="list-style-type: none"> <li>You own the system so can take advantage of federal tax credits.</li> <li>Low to no upfront payment.</li> <li>Doesn't require good personal credit history, only that you're current on your mortgage payments and you've paid property taxes on time for the past 3 years.</li> <li>Loan payback is spread over the life of the system (up to 20 years), so payments should be equal to or less than utility bill savings.</li> <li>If you sell the property, the special assessment stays with the property (as does the solar system), and the new owner automatically takes over payments.</li> </ul>
<b>Risks &amp; Other Considerations</b>	Other than warranties on the solar panels and electrical components, you are not protected against system underperformance; the amount of electricity your system will generate is not guaranteed. You are responsible for system maintenance.	You use your assets as collateral for the solar system. You must pay interest on the loan. You are responsible for system maintenance.	Other than warranties on the solar panels and electrical components, you are not protected against system underperformance; the amount of electricity your system will generate is not guaranteed. You must undertake energy efficiency improvements that demonstrate a 20% reduction in your home energy use before you can finance a solar system through GreenFinanceSF. You must pay interest on the loan. You are responsible for system maintenance.
<b>Upfront Costs</b>	You are responsible for the full cost of the equipment and installation upfront.	Low to zero upfront. Varies, depending on structure of loan.	Low to no upfront payment, depending on your agreement with your installer, aside from application fee.
<b>Monthly Costs</b>	None.	Fixed monthly payments. For large energy users, savings on utility bills should be greater than monthly loan payments.	Fixed annual payments on your property tax bill. For large energy users, savings on utility bills should be greater than tax-assessed finance payments.
<b>Maintenance</b>	Unless maintenance is included in your contract with the installer, you will be liable for maintaining the system.	Unless maintenance is included in your contract with the installer, you will be liable for maintaining the system.	Unless maintenance is included in your contract with the installer, you will be liable for maintaining the system.
<b>Purchase Options</b>	You own the system from day one, and benefit from free electricity it produces.	You own the system from day one, and benefit from free electricity it produces, but must repay loan over time.	You own the system from day one.
<b>Requirements</b>	<ul style="list-style-type: none"> <li>Building ownership</li> <li>Upfront capital</li> </ul>	<ul style="list-style-type: none"> <li>Building ownership</li> <li>Good credit, plus typically 20% equity in your building</li> </ul>	<ul style="list-style-type: none"> <li>Building ownership, and current on mortgage payments</li> <li>3 year history of on-time property tax payments</li> <li>Loan amount not more than 10% of total assessed value of property</li> <li>20% home energy efficiency improvement prior to install</li> </ul>

For more information please visit [www.sf.solarmap.org](http://www.sf.solarmap.org) or call (415) 355-3780

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## Third-Party Ownership Options

	Lease	Power Purchase Agreement (PPA)
<b>Eligible Customers</b>	Residential & Commercial	Residential & Commercial & Non-Profit/Government
<b>Description</b>	A solar lease is very much like a car lease, where you lease the equipment for a set period of time, and benefit from the electricity it produces during that lease period. Requires low or in some cases, no upfront payment. Payments in a lease are comparable to payments under a PPA.	A power purchase agreement is solar as a service. With a PPA you only pay for the electricity your solar system produces, plus usually an upfront fee. You host the solar system on your roof and pay for the energy it generates at a rate typically below your current utility rates. Payments under a PPA are comparable to payments under a lease.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Low to no upfront payment.</li> <li>• An option for those who do not have upfront cash, or who do not qualify for, or prefer not to take, a home equity loan.</li> <li>• System performance is normally guaranteed</li> <li>• Predictable lease payments over time (and thus stable electricity rates)</li> <li>• If system performance is better than expected, you get a lower electric bill for the same fixed lease payment.</li> <li>• Lease provider can take advantage of advanced depreciation and federal tax credits even if you have little or no tax liability, and pass the savings on to you.</li> </ul>	<ul style="list-style-type: none"> <li>• Low to no upfront payment.</li> <li>• An option for those who do not have upfront cash, or who do not qualify for, or prefer not to take, a home equity loan.</li> <li>• Predictable electricity rates over time</li> <li>• Solar provider has incentive to ensure maximum system performance, as they are only paid based on solar electricity produced.</li> <li>• PPA provider can take advantage of advanced depreciation and federal tax credits even if you have little or no tax liability (e.g. a non-profit organization), and pass the savings on to you.</li> </ul>
<b>Risks &amp; Other Considerations</b>	You pay the same amount per month regardless of how your system performs, although vendor typically offers a performance guarantee. If system output is lower than expected, your overall electricity bill (lease plus utility) may increase. If you sell the property before the end of the lease contract, you may have to buy the system or pay the remaining contract value if the new owner does not choose to take over the agreement.	If utility electricity rates unexpectedly decline over the term of your PPA, you may end up paying more for the electricity from your solar system than you would if you used only electricity from your utility. If you sell the property before the end of the PPA contract, you may have to buy the system or pay the remaining contract value if the new owner does not choose to take over the agreement.
<b>Upfront Costs</b>	Low to zero upfront, or lease can be fully prepaid if customer prefers. Varies depending on service provider.	Typically lower than a loan down payment, and sometimes zero, or can be fully prepaid if customer prefers. Varies depending on PPA provider.
<b>Monthly Costs</b>	Savings on utility bills should be greater than solar lease payments. Lease payments may escalate over time, but should not increase faster than utility rates.	Savings on utility bills should be greater than PPA payments. PPA rates vary, but are typically set at or below current utility rates. PPA rates may escalate over time, but should not increase faster than utility rates.
<b>Maintenance</b>	Usually covered by lease provider. Discuss with installer or lease provider.	Responsibility of solar PPA provider.
<b>Purchase Options</b>	Can purchase when property is sold or at fixed points of contract. For residential customers, purchase options prices are predictable and are set in advance. For non-residential customers, buyout prices are determined via third-party appraisal.	Building owner may purchase at fixed points of contract. At time of sale, system is appraised by a third-party and then sold at market current market rates.
<b>Requirements</b>	<ul style="list-style-type: none"> <li>• Home/Building ownership: Owner occupied or long-term lease (15+ years)</li> <li>• Credit: must have good personal credit, be a publicly traded corporation or have auditable financials / D&amp;B rating</li> <li>• Physical requirements: Large roof or open space for commercial property (minimum 50,000 sq ft for 50 kW system, but preferably 100,000 sq ft or more); roughly 100-500 sq. ft of roof with southern exposure for residential, with high household electricity use.</li> </ul>	<ul style="list-style-type: none"> <li>• Home/Building ownership: Owner occupied or long-term lease (15+ years)</li> <li>• Credit: must have good personal credit, be a publicly traded corporation or have auditable financials / D&amp;B rating</li> <li>• Physical requirements: Large roof or open space for commercial property (minimum 5,000 sq ft for 50 kW system, but preferably 100,000 sq ft or more); roughly 100-500 sq. ft of roof with southern exposure for residential, with high household electricity use.</li> </ul>

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