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# Economics for Colorado PV

- Incentives
- Financing
- Expenses
- Case Study
- Q&A



# Incentives

- Xcel Energy Solar\*Rewards
  - Small Program                      0.5 – 10kW
    - \$4.50/watt paid upon completion
  - Medium Program                      10.1 – 100kW
    - \$2.00/watt paid upon completion
    - \$115/MWh production REC
  - Large Program                      100.1 kW – 2MW
    - \$200,000 paid upon completion
    - Bid process



# Incentives

- Xcel Energy Solar\*Rewards
  - SOREC and REC
  - 20 year contract
  - Insurance Requirement
  - Net Metering
  - Monitoring

# Incentives

## EPAAct 2005

30% Federal Investment Tax Credit

\$2000 cap for residential

One system per year

Extended till end of 2008

[www.SEIA.org](http://www.SEIA.org) has Tax Guide



# Financing

- Building owner financing
- Mortgage or HELOC
- 90-180 SAC Programs
- Debt Financing through SBA and others
- Equipment Lease Programs
- Power Purchase Agreements (PPA)

# Financing

## Power Purchase Agreements

No capital requirement for Host

Only way for NPO to benefit from ITC

Off-balance sheet

5-year accelerated depreciate 50% in 1<sup>st</sup> year

Severe termination clauses

Named as additionally insured



30 MINUTE RECEIVED PARKING  
15 MINUTE LOADING ONLY ALL TIMES

Blue Sky Grill

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# Expenses

- Third-party Monitoring fees
- Homeowner's policy requirements
- Liability Insurance Premiums
- Legal Fees and Transaction Costs
- Income tax on Rebate
- Property Taxes (\$900/kW on PPA only)
- Interest expense
- Operation and Maintenance

# Case Study: Residential

## 3kW Residential System on Pitched Roof

Grid-tied Installed	\$22,500
A37 Rebate	<b>\$ 6,000</b>
Xcel SOREC	<b><u>\$ 7,500</u></b>
After Rebate	\$ 9,000
30% ITC	<b><u>\$ 2,000</u></b>
Final Cost	\$ 7,000





# Case Study: Residential

## 3kW Residential System on Pitched Roof

Annual Production	4378kWh
Annual Savings (\$0.10/kWh)	\$437.80
Simple Payback	16 Years
Electricity Prices	
NPV	
Resale Value	
Real Payback	



# Case Study: Residential

## 3kW Residential System on Pitched Roof

[www.FindSolar.com](http://www.FindSolar.com)

Monthly Payment @.6.5%	\$44
Increased Property Value	\$5,500
25-year Utility Savings	\$12,000 - \$19,000
IRR	7.0% - 12.0%
Years to Breakeven	5 – 9 years (2 yrs)
CO2 avoided	77 tons (154K auto



# Case Study: Residential

## 10kW Commercial System on Flat Roof

Grid-tied Installed	\$80,000
A37 Rebate	<b>\$20,000</b>
Xcel SOREC	<b><u>\$25,000</u></b>
After Rebate	\$35,000
30% ITC	<b><u>\$24,000</u></b>
Final Cost	\$ 11,000





# Case Study: Commercial

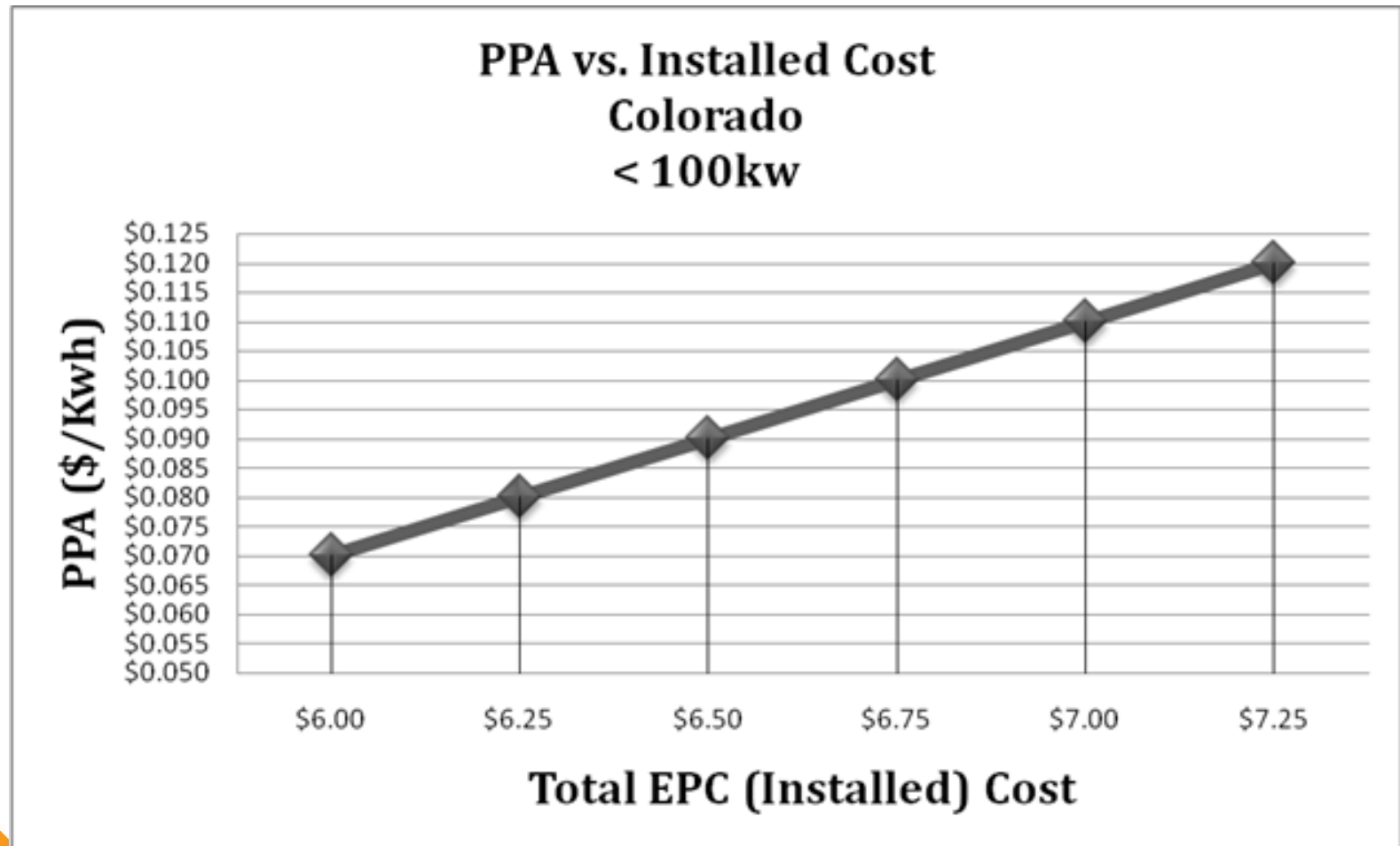
## 10kW Commercial System on Flat Roof

[www.FindSolar.com](http://www.FindSolar.com)

Monthly Payment @.6.5%	\$70
Increased Property Value	\$22,100
5-year accelerated depreciation	YES
IRR	19.0% - 36.0%
Years to Breakeven	2.4 years
CO2 avoided	287 tons



# Case Study: Commercial





# Final Questions?



Thank You!



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