

Commercial Solar Costs & Benefits

Solar Benefits

Pure Bottom Line – after incentives, solar can be cash flow positive from day one, while providing tax benefits, and yielding a good Return on Investment (ROI)

Corporate Image – gives a *visible, tangible* demonstration of a commitment to Sustainability, as well as industry leadership, seen as positive and progressive by the public, employees, media.

Higher Facility Value – decreased expenses means higher Net Operating Income. Also, facilities with solar have been shown to sell and lease faster and for higher prices.

Indirect ROI – Monetary value of increased:

- Free press coverage
- Employee satisfaction
- Investor confidence

Risk Reduction – increasing volatility of energy prices; solar provides a hedge

Environmentally Responsible - reduced carbon footprint

Other Benefits

- Contributes to broader CSR goals
- Contributes LEED points
- Utilizing incentives before phased out
- Responsiveness to shareholder demand
- Get a head start on coming regulations
- Helps support the creation of green jobs and the growth of clean energy.

Costs & Benefits

Quantified in Our Proposals

Investment Value

System Cost (before incentives)

- Utility Rebate (\$2/Watt)
- 30% Federal Grant
- Sale of SRECs (if utilized)

= Net System Cost (First Cost)

Accelerated Depreciation Schedule (MACRS) & Cash Flow

Property Value Increase Estimate

Internal Rate of Return (IRR)

Simple Payback (in years)

ROI, EBITDA, NPV, & Other Measures

Energy Bill Savings

Monthly savings on Electric Bill

Annual Savings in 1st - 30th Years

Total Savings over 30 Years

Environmental Values

CO₂ Emissions avoided annually

CO₂ Emissions avoided over 30 years

Equivalent miles not driven

Equivalent acres of trees planted

Energy Payback of the System

What Does Solar Power Cost?

Solar energy has never made more sense in Missouri. Solar equipment costs are at all-time lows, while government solar incentives and utility rebates are at an all-time high. All of these incentives can be combined, resulting in a greatly reduced upfront cost.

The average installed cost in Missouri for a Commercial system can cost less than \$1.50/Watt, after incentives. The initial cost of a system depends on how much of your power use you want to offset, space considerations, your budget goals, and other considerations. Below is a brief explanation of the available incentives.

Net Metering

During peak production, solar electric systems may produce more energy than is consumed, and this surplus energy is typically put back on the grid. Net metering requires utilities to use bi-directional meters to track energy used along with energy produced, so that short-term surplus energy can be credited at retail value during the monthly billing cycle. Any net credit balance at the end of billing cycle is refunded to customer at avoided cost.

Federal Treasury Grant

30% of the total cost, with no maximum, for both solar electric and solar hot water systems. Grant received within 90 days of completion. Consult your tax advisor on the use of this incentive.

Missouri Utility Solar Rebate

MO investor-owned utilities offer their customers a solar rebate of \$2.00 per watt with a maximum rebate of \$50,000. This works out to approximately 30% of the total cost of a solar project. The rebate is made in a single lump sum check to the consumer 30-60 days from the date of install.

Accelerated Depreciation

Businesses can take a tax deduction utilizing the Modified Accelerated Cost Recovery System (MACRS) which offers 100% depreciation in year one (through 2011).

Sale of SRECs

Whenever clean energy is produced, it results in a value for the energy itself, but also a value assigned to the associated carbon emission reduction. This green attribute can be quantified and sold to others as a "credit". A Solar Renewable Energy Credit (SREC) represents 1 Megawatt hour of solar energy produced. The value of an SREC is variable; Microgrid will include the most recent values as part of your proposal.

Microgrid can provide a comprehensive analysis of the incentives applicable to your project, including some not listed here.

