

solarize pendleton

Solar Electric System Incentives and Tax Credits

Definitions

- **Watt** – Unit of Power
 - how we talk about system size
 - important because how incentives calculated
- **Kilowatt** – 1000 watts
- **Kilowatt-Hour (kWh)** – Unit of Energy
 - the product of the PV system
 - what you are paying for on your electric bill
- **Total cost** – complete cost of system including installation before any incentives and credits
- **Net cost** – out of pocket cost of system to homeowner, after Energy Trust Incentive
- **Final cost** – what the system effectively costs you; after all tax credits and incentives
- **Tax credit** – a direct reduction of the taxes you owe; \$1 of tax credit = \$1 to you.
 - **If you owe money on your taxes, your tax credit will be deducted from the amount you owe. i.e. You owe \$100 to the State of Oregon, you will receive a check for \$1,400 (\$1,500 tax credit - \$100 that you owe in taxes = \$1,400 tax return). You will not owe the State any additional money.

Two Routes:

1. **“Triple Play”** = Energy Trust Incentive + State Tax Credit + Federal Tax Credit
2. **Feed In Tariff** = Federal Tax Credit + Premium rate paid for power produced

Energy Trust Incentive

- Cash paid directly to solar contractor
- Reduces upfront cost of system to homeowner
- Based on size of system in watts
- \$1.25 / watt for Pacific Power customers (limited time, first come first serve)

Oregon State Tax Credit (RETC)

- Based on size of system in watts
- \$2.10 / watt
- Up to \$6,000
- Can claim up to \$1,500 per year
 - **If you can't claim \$1,500 per year because you do not have the tax liability, you may take up to 5 years to claim the credit. Additionally, State law provides a process for tax credits to be transferred to a third party, if the third party writes a check to the system owner. This process is called the “Pass-through Option.” However, there can be tax implications for the pass-through partner. For more information consult the Oregon Department of Energy's Web page.

Federal Tax Credit

- Based on net cost of system – cost of system to homeowner
- 30% of net cost; no cap
 - **If you don't have the tax liability, you can carry forward your credit into future years
- Can claim all in one year

Feed In Tariff

- Also called Volumetric Incentive Rate or Solar Incentive Program
- Next reservation period will be offered on April 2nd, 2012
- Utility pays incentive per generated kWh for 15 years
- \$0.346/kWh in Pendleton on 10/3/11

•In lieu of Energy Trust Incentives and Oregon RETC

- Still eligible for Federal Tax Credit – 30%
 - Fills up very fast on a first-come, first-serve basis
 - Application deposit and meter charge
 - Pacific Power calls it "Oregon Solar Incentive Program"
- <http://www.pacificpower.net/oregonsolar>

Triple Play Cost Examples:

2.0 kW system @ \$6.35/W

\$12,700	Total Cost installed
- \$2,500	Energy Trust Incentive @ \$1.25/watt
\$10,200	Net Cost - paid to contractor
- \$3,060	Federal Tax Credit (30% of \$9,520)
- \$4,200	State Tax Credit @ \$2.10/watt
\$2,940	Final Cost (after 4 years)

2.0 kW system @ \$6.26 /W

\$12,520	Total Cost installed
- \$2,500	Energy Trust Incentive @ \$1.25/watt
\$10,020	Net Cost - paid to contractor
- \$3,006	Federal Tax Credit (30% of \$9,520)
- \$4,200	State Tax Credit @ \$2.10/watt
\$2,814	Final Cost (after 4 years)

Feed in Tariff Cost Examples:

2 kW system @ \$6.35/W

\$12,700	Total system cost
\$12,700	Ticket Price you pay contractor:
- \$ 3,810	Federal Tax Credit (30% system cost):
\$8,890	Final Cost to you

Annual FIT payment: \$815
Return on Investment: 10.9 years
FIT payment over 15 years: \$12,238
Profit from FIT payments: \$3,348

6 kW system @ \$6.35/W

\$38,100	Total system cost
\$38,100	Ticket Price you pay contractor
- \$ 11,430	Federal Tax Credit (30% system cost)
\$26,670	Final Cost to you

Annual FIT payment: 2,447
Return on Investment: 10.9 years
FIT payment over 15 years: \$36,714
Profit from FIT Payments: \$10,044

Note: Assumes TSRF of .9 and LPC of 1.31