

Home Solar Panels – Pros and Cons

Solar energy has hit the mainstream. If you are considering a solar system for your home, make sure you understand how the system works, your costs as well as savings and all the contract terms.

Is Solar Right for you?

- Review your utility bill to see how much electricity you used in the last year and what it cost. Look for the “metered” part of your bill when comparing your current costs to what you’ll pay with a solar system. Remember you will still have to pay the utilities fixed charges, such as delivery costs.
- Consider how long you plan to stay in your home. Most residential systems are designed to stay on a home for at least 20 years. If you aren’t planning on staying that long, you may not be able to take full advantages of the system. Also think about the impact a solar system will have on your ability to sell your home.
- Look at your home. The power you get from a solar system depends on:
 - The average number of hours of direct, unshaded sunlight your roof gets;
 - The pitch (angle), age, and condition of your roof;
 - Factors such as snow, dust or shade that can cover the solar panels.

To Buy or to Lease?

There are two main ways to get solar panels. You can buy the system outright and own the panels and the energy they produce, or you can lease the panels from a company.

Leasing a Solar System

Leasing is substantially cheaper than buying but leasing will not qualify you for any tax credits or financial incentives. When you lease, the panels are installed on your home but the company owns the system. You sign a long term contract – usually 20 years – and during that time, you’re entitled to use all the power the system produces which will help reduce the amount of power you buy from your utility.

Before you lease a system, get bids from several companies. Read each company’s contract carefully and compare their terms. Some of the main issues to compare are:

- Costs vs. savings – Compare the cost of installation and monthly fees to the amount of money you will save with the solar panels. Will the monthly fee go up during the contract term? Does the contract include a “performance guaranty?” What happens if the system doesn’t produce the amount of energy promised?

- Maintenance and Repair – Who maintains the system, and who pays for repairs? Is there a warranty on the system and how long does it last? What happens if a power failure affects the system; is there backup power?
- Contract termination – What is the duration of the contract? What happens at the end of the contract? Can you renew the lease, or do you have the option to buy? What happens if you sell your home? Are you required to have the buyer take over your contract? What happens if you want to end the contract early? Are there early termination fees?

Buying a Solar System

If you choose to buy, you will pay the cost of the entire solar system. Costs vary depending on the system's size, but most systems are expensive, so it may take a number of years for you to see a return on your investment. You will also be responsible for all maintenance and repair costs for the system.

If you buy, however, you may be eligible for tax credits or other incentives. Depending on local rules, your utility may pay you for the power your system returns to the grid. You also may be able to sell or get credit for renewable energy certificates (RECs) related to the electricity your system produces.

Before buying a new system, get bids from several companies and compare:

- The expected performance of the equipment;
- Incentives available to reduce the cost of the system;
- The total cost of installation, including any building or electrical permits;
- Whether the system is guaranteed to produce a certain amount of energy, and what warranties apply to some or all of the equipment;

Whichever way you choose to get your solar system, make sure you fully understand the process and the contract, before you agree to anything. Solar may be a great way to get renewable energy, just make sure it's a great choice for you.

To obtain this factsheet in an alternative format, please contact the Office of Consumer Protection at 410-313-6420 (voice/relay) or consumer@howardcountymd.gov For more information on other consumer issues visit: www.howardcountymd.gov/consumer.