



SAN DIEGO RESIDENTS, BUILDERS BENEFIT FROM SOLAR REQUIREMENTS

San Diego residents and builders could benefit from a requirement that all homebuilders offer solar systems on homes. Residents will benefit by saving money and builders could benefit by increasing their profits according to *Power Shift*, a non-profit organization dedicated to promoting clean energy to address air pollution.

BENEFITS TO CONSUMERS

San Diego homebuyers could benefit from significant financial savings each year. Installing solar panels on new homes during construction costs approximately \$6,250 per kW panel. This number is significantly lower than the \$8,000-10,000 that installing solar on existing homes costs in part because homebuilders purchase solar panels in bulk at lower prices. When one takes into account the California Energy Commission's Buydown and the California Tax Credit the total cost to purchase a two kW system is \$5,070.

<i>Net Cost After Incentives</i>	
Cost	\$12,500
Incentives	
Source: <u>CEC PV Buydown</u>	\$(6,840)
Source: <u>CA Tax Credit (Res.)</u>	\$(849)
Total	\$(7,689)
Taxes on Incentives	
Source: <u>CA Tax Credit (Res.)</u>	\$259
Total	\$259
NET COST	\$5,070

This additional cost, however, does not force consumers to choose a solar system over other features in their home. In fact, dozens of major banks in California including J.P. Morgan-Chase offer Energy Efficient Mortgages, which allow homeowners to add any amount to their mortgage if it is proven that the homeowner will save more month-to-month than the additional cost of the mortgage.

If a consumer were to purchase solar panels with a 30-year mortgage at a 6% interest rate this year, he or she would save approximately \$294 in the first year of owning the home after paying the additional mortgage charges.

<i>Annual Savings and Costs (2003)</i>			
	Before Purchase	After Purchase	Difference
Electric Bill	\$(1,200)	\$(653)	\$547
Payment on \$5,070 Loan	\$0	\$(365)	\$(365)
Tax Effect: Loan	\$0	\$112	\$112
Total	\$(1,200)	\$(906)	\$294

BENEFITS TO HOMEBUILDERS

Solar industry sources state that homebuilders keep about \$1,600 to cover profit and overhead on each 2 kW system that they install. Because Energy Efficient Mortgages create an incentive for consumers to purchase solar homes, this could be a boon to the building trades.

ABOUT THIS ANALYSIS

This analysis reflects current rebates, electric rates (SDG&E, Net Metered Residential Service Rate DR Zone 1), and tax credits. *Power Shift* is publishing an analysis of the economic benefits of requiring that all homes are required to have two kW of panels in the upcoming months.