



Incentives for solar electric systems

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With three major incentives, at the federal, state, and N.Y.C. levels, set to reduce in value or expire in the next year or so, now is a great time for property owners to invest in a solar electric system.

If a solar electric project is at least 5% complete by December 31 of this year, it is eligible for the Federal Section 1603 "Grant In Lieu of Tax Credit," a cash grant that covers 30% of the installed cost. In 2012, this grant goes away, leaving only a 30% tax credit.

If a project completes installation by December 31, 2012, it will qualify for two other incentives - "Bonus Depreciation" and the N.Y.C. Property Tax Abatement. Accelerated Depreciation typically covers 20-30% of system costs with the benefit spread out over six years, Bonus Depreciation just means that you get much more of that benefit in the first year.

The N.Y.C. Property Tax Abatement (NYC PTA20) covers 20% of solar electric system costs, with the benefit spread out over four years. In 2013, projects will not be able to apply for either Bonus Depreciation or the NYC PTA20.

At the state level, the NYSERDA Solar PV Program Incentive currently contributes \$1,750 per installed kilowatt (kW).

Let's review sample economics for a 50 kW solar electric system, which occupies approximately 5,000 s/f of roof space:

Gross Cost: \$275,000

NYSERDA Incentive: -\$87,500 (Paid to installer)

Out of Pocket Cost: \$187,500

Federal Grant: -\$82,500 (90 days after completion)

Tax on NYSEDA Incentive: \$30,625

Accelerated Depreciation: -\$81,812.50 (over 6 years)

NYC PTA20: -\$21,000 (over 4 years)

Net Cost: \$32,812.50

Annual Energy Savings: \$9,500 (at 17 cents per kW hour)

Payback: 4 years

Sample economics chart for a 50 kW solar electric system.

Since solar panels come with a warranty of 25 years, building owners will not only earn a desirable payback, but will also continue to reap dividends well into the future.

According to Lawrence Berkeley National Lab, the cost of solar installation in the US fell by over 27% since January 2010 and module prices are down by more than 50% from 2008. Solar electric is scalable, so if the initial price tag is too high, consider a smaller system. Financing can allow for positive cash flow from day one. Incentive programs are fickle, but there is still time to take

advantage of them this year.

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