

THE TOP 5 SECRETS YOU NEED TO KNOW BEFORE BUYING SOLAR



BROUGHT TO YOU BY A.M. SUN SOLAR
Your Local Solar Experts

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This guide includes important information for homeowners who are considering going solar.

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ABOUT A.M. SUN SOLAR

From humble beginnings in 2001 to becoming the #1 solar energy company in San Luis Obispo County, A.M. Sun Solar continues to operate its company with a simple goal: to design and install the best solar energy solutions for local businesses and families in the community.



YOUR SAVINGS WITH SOLAR ARE CHANGING

What is NEM and how does it affect future solar owners?

When your solar energy system produces excess energy, it is then sent back to PG&E to buy back the energy from you. Customers use that extra energy to offset their total electric bill; this is where saving money with solar comes from. This excess energy is also used during heavy overcast days, or during the night, when electricity usage is greater than its production.

KEY TAKEAWAYS

NEM 2.0 isn't perfect, but it's better than NEM 3.0.

The current program, NEM 2.0, allows Central Coast solar owners to sell excess energy back to PG&E. That excess amount is then offset against their electric bills, typically resulting in money saved on their monthly power bills. NEM 2.0 requires solar customers to be on a time-of-use (TOU) billing rate program, which means electricity rates vary based on the time of day. Although the TOU rate has resulted in implications on net metering, A.M. Sun Solar's system designs have adapted to take TOU into account.

Switching to NEM 3.0 would be detrimental to the solar industry and its customers.

NEM 3.0, the proposed program, would decrease the credit paid to solar owners and include additional monthly fees on solar owners' electric bills. It even has the potential to require new solar owners to pay a fixed sub-retail price for their solar energy without the ability to use any of it themselves.

Current solar owners are grandfathered into the NEM program they currently have.

Any new solar customers that purchase solar after November 2021 will be signing onto NEM 3.0. However, if you install solar soon, you will be grandfathered into NEM 2.0 for the next 20 years.

If you don't own a solar energy system yet, you should secure your install sooner, rather than later.

If you've been considering installing a solar energy system, there's never been a better time than now! Signing up sooner rather than later will allow you to sign onto the NEM 2.0 agreement and avoid the new NEM 3.0 proposal.

YOUR HOME VALUE CAN INCREASE

Let's take a look at how much value solar can add to your home

Installing solar panels can significantly increase your home's market value. Per the National Renewable Energy Laboratory, every \$1 of savings generated from a solar energy system will add \$20 to your home's market value when you decide to sell. Solar reduces the overall cost to operate and maintain the home because you are generating your own energy and purchasing less from the utility.

THE EXACT NUMBERS VARY FROM PROPERTY TO PROPERTY AND INSTALLATION TO INSTALLATION, BUT RECENT RESEARCH SHOWS AN AVERAGE INCREASE IN RESALE VALUE BEING \$5,911 FOR EACH 1 KILOWATT (KW) OF SOLAR INSTALLED. THE RETAIL VALUE OF A MEDIUM-SIZED HOME INCREASES SIGNIFICANTLY WHEN YOU CONTINUE TO INCREASE YOUR SOLAR POWER SYSTEM

3.1-KILOWATT (KW) SYSTEM

 **\$18,324**

5-KILOWATT (KW) SYSTEM

 **\$29,555**



SELLER'S INCENTIVES

An average increase in the resale value of a home with a solar energy system equals \$4,020 for each 1kW of panels installed. Your property value will increase with a scaled-up solar energy system. In California, a 3.1 KW solar panel energy system has the potential of adding an average of \$12,462 over the price of comparative homes in a middle-class neighborhood.

SOLAR SELLS:

Homes with solar energy systems sell 20% faster than residences without solar panels.

As a future seller, you will have huge advantages.

- Ability to demand a higher asking price for your home
- Reduce exposure time on the market listings (sell your home much faster)

BUYER'S INCENTIVES

A seller's incentives for investing in solar panels are parlayed to a future buyer because increases to a property's market value only go up as electricity prices rise. In turn, the buyer's future advantages of the solar energy system rise as well.

With a customized solar panel installation, you could potentially receive a 200% return.

You will be hard-pressed to find another financial investment matching these same returns:

- Day 1 savings on your electric bill
- Yearly savings throughout the lifetime of your solar panel system – 25 to 30 years
- No down payment necessary for your solar energy system



WHAT DETERMINES YOUR HOME'S MARKET VALUE AT THE TIME OF SALE.

- The location of the home
- The size of your solar energy system
- The age of your solar panels and inverter
- The efficiency conversion rate of your solar energy system
- The existing market value of your home

A CLOSER LOOK AT THE RESEARCH

- Households with solar-energy systems sold for 4.1% more on average than comparable homes without solar power. For the median-valued home, that translates to an additional \$9,274. (Zillow Research)
- Looking at high-performance homes in California found that homes with PV systems sold 20% faster (and for 17% more) across several subdivisions built by different California builders. (National Renewable Energy Laboratory)
- If a solar system was already installed and factored into the price, buyers were more likely to choose that house over others without solar. (National Renewable Energy Laboratory)
- Some other interesting findings include: the aesthetics of a PV system were not identified as an obstacle to purchasing and the resale value was not damaged by the presence of a solar system. (National Renewable Energy Laboratory)



BATTERY UPDATES AND HOW THEY AFFECT YOU

Here's what you need to know about Powerwalls as of June 2021.

Tesla Powerwall is a battery that stores excess solar power so you can use it in the evening once the sun goes down. It works with and without solar, but since solar panels often generate more electricity than a home can use during peak production, Powerwalls are a great way to ensure your energy is being stored efficiently.

THE TESLA POWERWALL SHORTAGE UPDATE

In 2019, the California Public Utilities Commission launched a rebate program that offered Powerwalls to homeowners living in rural areas. Those who qualified were eligible for up to a 100% rebate on Tesla Powerwalls.

Since then, A.M. Sun Solar was able to help many SLO County residents qualify for the rebate program before it was closed. However, due to a national semiconductor shortage, Tesla Powerwall shipments have been delayed. This delay in shipment affects everyone, including anyone who qualified for their battery through the rebate program.



Of course, this has caused reasonable frustration for everyone approved for the rebate and those waitlisted. The team at A.M. Sun Solar is patiently awaiting updates on the production of new Powerwalls, but until then, A.M. Sun Solar is providing any and all updates as soon as they are received.



How Do Tesla Batteries Work?

IT PROVIDES BACKUP POWER PROTECTION

Battery storage makes sure your solar system will be able to operate and continue to provide clean power when the power goes out.

YOUR SOLAR ENERGY SYSTEM IS USED EFFICIENTLY

A battery helps store excess solar power so you can use it in the evening once the sun goes down. You can also use a battery to help offset using power from the grid when energy rates are higher.

CLEANER ENERGY USAGE

When you have solar and battery together, it means less demand for grid power when grid energy sources are associated with the most greenhouse gas (GHG) emissions.

How Long Will My Backup Battery Last?

Each Powerwall can hold up to 13.5 kWh of energy. To put that into context, a central 3-ton AC unit running for constantly 3 hours will use 9 kWh. Of course, a well-designed cooling system will not run for three hours straight — it turns off and on intermittently to maintain the desired temperature.

Depending on your home's typical energy usage, multiple Powerwalls may provide beneficial coverage during outages.

YOU HAVE PLENTY OF FINANCING OPTIONS

There's plenty of options when it comes to financing your solar energy system.

Here at A.M. Sun Solar, we excel in coming up with financing solutions that make sense for our clients. All of our solar financing options prioritize one thing in particular: how can we start saving you money right away?

When it comes to purchasing solar, you can buy, lease, or purchase solar power from a system. Each option has its benefits and will vary depending on: equipment, location of the solar array, the size of your electric bill, and much more.

Here are the different solar financing options you have available with A.M. Sun Solar:

BUYING SOLAR WITH CASH

When paying with cash, you can expect:

- High return on investment
- Quick payback period
- Increases the value of your property without increasing your property taxes
- Receive a federal tax credit (*check with your financial advisor)
- Costs far less than you would pay for electricity over the lifetime of the system

If you have the money to invest in your solar energy system and can use the federal tax credit, we recommend paying cash for your system – or getting a loan through one of our sources or one of your own.



PAYING FOR SOLAR WITH A LOAN

When paying for a solar energy system with a loan, you can expect:

- No money out of pocket
- Typically you'll have instant savings – paying less than your utility bill
- No prepayment penalty. Pay off your loan any time!
- High rate of return once the system is paid in full
- Receive a 26% federal tax credit. Check with your financial adviser.
- Re-amortize your loan using the Federal tax credit to further reduce your monthly payment

Many times, you can secure a loan that is lower than your monthly utility expenses. No need for you to worry about all the options, our experts will help you choose the right loan for you. We have a variety of loans from many different sources.

PAYING FOR SOLAR WITH A SOLAR ENERGY PPA/LEASE

PPA Stands for Power Purchase Agreement. Here's what to expect when purchasing with a PPA/Lease:

- \$0 out of pocket expense
- Pay less for your power
- No longer worry about the rising cost of electricity
- System is warrantied, maintained, monitored, and insured at no expense to you

When you choose a PPA/lease you will be purchasing power produced by solar equipment that is owned by a third party and has been installed on your roof, or elsewhere on your property. You will still be dependent on PG&E, but you will be buying your power at a lesser rate by going solar. Since you won't own the equipment, it will be warrantied, maintained, monitored, and insured by a third party. In addition, the production of the system will be guaranteed for the term of the agreement, which is typically 20 years. This means you don't need to worry about anything, including the ever-increasing cost of electricity!

PAYING FOR SOLAR WITH A PACE LOAN

PACE stands for Property Assessed Clean Energy. This means you can get a solar loan regardless of your credit score and regardless of your debt to income ratio.

Here's what to expect when paying for solar through a PACE Loan:

- \$0 out of pocket expense
- Easiest solar loan to qualify for
- Payment becomes part of your property tax bill
- No prepayment penalties
- Re-amortize your loan as often as you like with as little as \$2,500 each time
- Up to 30-year terms
- Most PACE loans are cash-flow positive
- Receive the 26% federal tax credit and either keep it, or re-amortize your loan in order to reduce your monthly payments
- Deduct the interest on the loan for an even greater savings

You'll need equity in your home and you'll need to be current on your property taxes to qualify for a PACE Loan, but otherwise, the stipulations are fairly lenient. The beauty of this loan is when it comes time to sell your home, the solar and the loan stay with the house.



THE SOLAR TAX CREDIT HAS BEEN EXTENDED!

Here's how to claim your solar tax credit.

If you're in the market for getting solar, you've most likely heard about the federal tax credit, otherwise known as the Investment Tax Credit (ITC). This tax credit grants homeowners and businesses a tax deduction equal to 26% of the total cost of a solar energy system through the end of 2023. After 2023, this tax credit amount will be decreased to 22%.

There are plenty of benefits to claiming your residential ITC, but applying for the credit requires research and planning. Claiming your federal tax credit boils down to a few simple steps:



1. Determine if you're eligible for the credit

It's important to ensure you have enough tax appetite to use the federal tax credit against your total taxes. Consult with your tax advisor to determine if the federal ITC can apply to you.



2. Complete IRS Form 5695

This form can be found online and will validate your qualification for the credit.



3. Add renewable energy credit information to your typical form 1040

Be sure to mention your renewable energy credit into your regular tax form.



4. Compare your solar quotes to maximize savings

Getting at least 3 total solar quotes is recommended to ensure you're getting the best deal for your solar energy needs.

HOW DO I KNOW IF I'M ELIGIBLE FOR THE SOLAR TAX CREDIT?



- You'll need to own your solar energy system, rather than leasing it. Leasing a solar energy system means that the third-party owner gets the solar tax credit.
- You may still be eligible even if the solar energy system is not your primary residence, just as long as you own the property and live in it for a part of the year.
- If your federal tax liability is lower than your ITC savings, you can still carry over remaining credits to the following year!

It's important to note that the team at A.M. Sun Solar are experts in solar; while we are happy to answer any questions about solar, we recommend you connect with a tax advisor before deciding what is best for you!



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