



**Make the Connection.
Power the Future.**

Purchasing VS Leasing

The decision about how to finance your solar power system depends on your particular financial goals.

The main practical distinction between buying and leasing a solar PV system is in ownership. If you buy a solar panel system, you own the system, either outright (if purchasing with cash) or after repaying your solar loan. If you lease the system or sign a power purchase agreement (PPA), a third party owns the solar panel system.

Not all companies offer solar leases and/or PPAs—confirm that your chosen provider offers the financing option that you want most. Note that PPAs are not legally permitted in many areas.

Purchasing a solar panel system with cash, or financing a purchase with a solar loan, is your best option when you...

- Want to maximize the financial benefits of installing a solar panel system, rather than solely benefitting from the system's environmental benefits;
- Are eligible to reduce your federal tax liability through the federal investment tax credit;
- Are a business, and can realize tax benefits by treating the solar panel system as a depreciable asset; and/or
- Want to increase the market value of your home by installing a solar panel system.

Compare and contrast: buying and leasing solar

There are practical differences in cost, maintenance, terms, opportunities for financial offsets, and savings/returns on investment, depending on the financing decision that you make.

Installation cost

Solar loan/cash purchase

- Solar loans are available for little or no money down.
- Solar power systems can cost \$15,000 to \$30,000 before rebates and incentives.
- Cash rebates can reduce the total cost as much as 40 percent. Most solar installers will manage the paperwork and adjust the purchase price to reflect the net amount.

Solar lease/PPA

- You can get a solar energy system for little or no money down.
- You don't qualify for tax credits, rebates, or incentives – those belong to the third party owner of the system.

Maintenance

Solar loan/cash purchase

- You own the system and are responsible for maintaining it. **Note that solar equipment is durable and carries warranties, so you won't have much maintenance to worry about.*
- Your purchase includes a monitor to track your system's performance.

Solar lease/PPA

- The solar company owns and maintains the solar power system.
- Your lease includes a monitor to track your system's performance.

Terms

Solar loan

- Loans are generally available for 5 to 20 year terms, with interest rates ranging from 3 to 8 percent if you have a FICO credit score of 640 or above.

Solar lease/PPA

- Solar leases and PPAs are generally for 20 to 25 years, at which point you can renew your agreement, have the system removed at no cost to you, or buy the system for fair market value if your lease permits this.

Savings and return on investment

Solar loan/cash purchase

- You can save between 40 percent and 70 percent on electricity costs over the lifetime of your solar panel system, depending on your property and the incentives in your state.

Solar lease/PPA

- You can save between 10 percent and 30 percent off the prices you pay your utility for electricity, depending on your property and the incentives in your state.

Compare your financing options before deciding to buy or lease your solar power system.

Before you make a decision on buying or leasing your solar power system, explore all of the solar financing options available to you. Every situation is different, and what is best for your property depends on a wide range of factors.