

Solar Energy Return on Equity

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Key Factors Impacting ROI

- Capital Cost
- Avoided cost: Utility current power prices
- Expected energy price increases
- Timely monetization of Federal Tax Credits
- Ability to leverage the capital cost with debt

Example

- Capital Cost: \$10,000 for 1 kW AC PV
- Annual power production: 2,000 kWh
- Immediate monetization of Federal & State Tax Credits
- Utility incentive of \$4,200 (\$3,000 per DC kW)
- Current Cost of \$.115 per kWh
- Expected Increase of 4% per year
- No debt financing
- Discount Rate of 4%

Economic Impact

- Levelized Cost of Energy -- \$.02 per kWh
- Pay back – 74% pay back in 3 years, 100% in 24 years
- ROI – 91%