



Energy Trust Solar Incentives and Tax Credit Information

September 2011



Presentation Overview

- Definitions
- Financial incentives available
- Examples
- Questions



Definitions:

- **Watt** – Unit of power
 - how we talk about system size
 - important because how incentives calculated
- **Kilowatt** – 1000 watts
- **Kilowatt-Hour (kWh)** – Unit of energy
 - the product of the PV system
 - what you are paying for on your electric bill



Definitions:

- **Total cost** – complete cost of system including installation, before any incentives and credits
- **Net cost** – amount paid to contractor by homeowner, after Energy Trust incentive
- **Final cost** – what the system effectively costs you; after all tax credits and incentives
- **Tax credit** – a direct reduction of the taxes you owe; \$1 of tax credit = \$1 to you

Solar Electric System Incentives and Tax Credits



Solar Electric (Photovoltaic) System





Three Sources of Money

- Energy Trust of Oregon (PGE, Pacific Power, NW Natural, Cascade Natural)
- Oregon Residential Energy Tax Credit (RETC, statewide)
- Federal Tax Credit (nationwide)



Energy Trust Cash Incentives

- Paid directly to solar contractor (trade ally)
- Reduces upfront cost of system to homeowner
- Based on size of system in watts
- \$1.75 / watt – PGE customers
- \$1.50 / watt – Pacific Power customers



Oregon RETC (State Tax Credit)

- Based on size of system in watts
- Currently \$2.10 / dc watt up to \$6,000
- Can claim \$1,500 max per year
- New RETC law goes into effect Jan 1 2012. Oregon Department of Energy to set rulemaking schedule



Federal Tax Credit

- Based on net cost of system (what homeowner pays the contractor)
- 30% of net cost; no cap
- Can claim all in one year



Solar electric example

3.0 kW system in Pacific Power, 3500kWh
estimated annual Energy Saving

\$16,800	Total Cost installed @ \$5.60/watt
<u>- \$4,500</u>	Energy Trust incentive @ \$1.50/watt
\$12,300	Net Cost - paid to contractor
- \$3,690	Federal Tax Credit (30% of \$12,300)
<u>- \$6,000</u>	State Tax Credit
\$2,610	Final Cost

Solar Water Heating Incentives and Tax Credits



Solar Water Heating System





Three Sources of Money

- Energy Trust incentives
- Oregon Residential Energy Tax Credit (RETC)
- Federal Tax Credit



Energy Trust Cash Incentives

- Paid directly to solar contractor (trade ally)
- Reduces upfront cost of system to homeowner
- Based on rated annual kWh savings
- \$0.40/kWh – customers with electric water heaters
- \$8.00/therm – customers with gas water heaters



Oregon RETC (State Tax Credit)

- Based on rated annual kWh savings
- \$0.60/kWh
- Up to \$1,500
- New RETC law goes into effect Jan 1 2012. Oregon Department of Energy to set rulemaking schedule



Federal Tax Credit

- Based on net cost of system (what homeowner pays the contractor)
- 30% of net cost; no cap
- Can claim all in one year



Solar water heating example

Estimated savings of 2,500 kWh/year

Pacific Power customer, electric water heater

\$8,400	Total Cost
<u>- \$1,000</u>	Energy Trust incentive \$0.40/kWh
\$7,400	Net Cost - paid to contractor
- \$2,220	Federal Tax Credit (30% of \$7,400)
<u>- \$1,500</u>	State Tax Credit @ \$0.60/kWh
\$3,680	Final Cost



Additional Bonus Package

Solar Bundle Bonus

\$400 **additional** incentive for participants who install a solar measure with two qualifying energy efficiency measures within a 6 month period.

Solar Measures Include:

Photovoltaic, Solar Thermal or Solar Pool Heating.

Energy Efficiency Measures Include:

Attic, Floor, Wall Insulation

Seal ductwork

Ductless heat pump

Direct-vent gas unit heater

Water heater

Windows

Heat pump

Direct-vent gas fireplace

Gas boilers

Tankless water heater



Thank You!

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