

Solar project financing is tailored to meet each customer's specific needs.



### Consultation & Strategy

Solect provides advice and direction in helping customers determine which financing solution is appropriate, taking into account each customer's unique circumstances. We have numerous relationships with local and national lenders, leasing companies and equity investors that are eager to finance solar projects.

Solect will work with you during the feasibility assessment to determine which solutions meet your long-term objectives.

### Solar Financing Solutions

#### PURCHASE

Own the solar PV system outright using capital funds or utilizing bank financing. Solect can help to secure loans through our financing partners, or you can choose to use your preferred bank. The combination of federal and state tax subsidies, state financial incentives like SRECs and Net Metering make owning a solar energy system a win-win for property owners.

#### LEASE

Finance the solar PV system with a **capital lease** or **operating lease**. Leasing enables 100% financing and is a common solution for businesses that prefer to deploy their capital in other areas of their business. Through our financing partners, Solect can assist with selecting the appropriate leasing solution for your situation.

### Capital Lease

In a capital lease, a bank provides 100% financing on your behalf. This option can be more attractive to businesses than using a term loan, line of credit or paying cash. Capital leases require zero capital outlay and you may choose to purchase the asset outright at the end of the lease term for \$1.

### Operating Lease

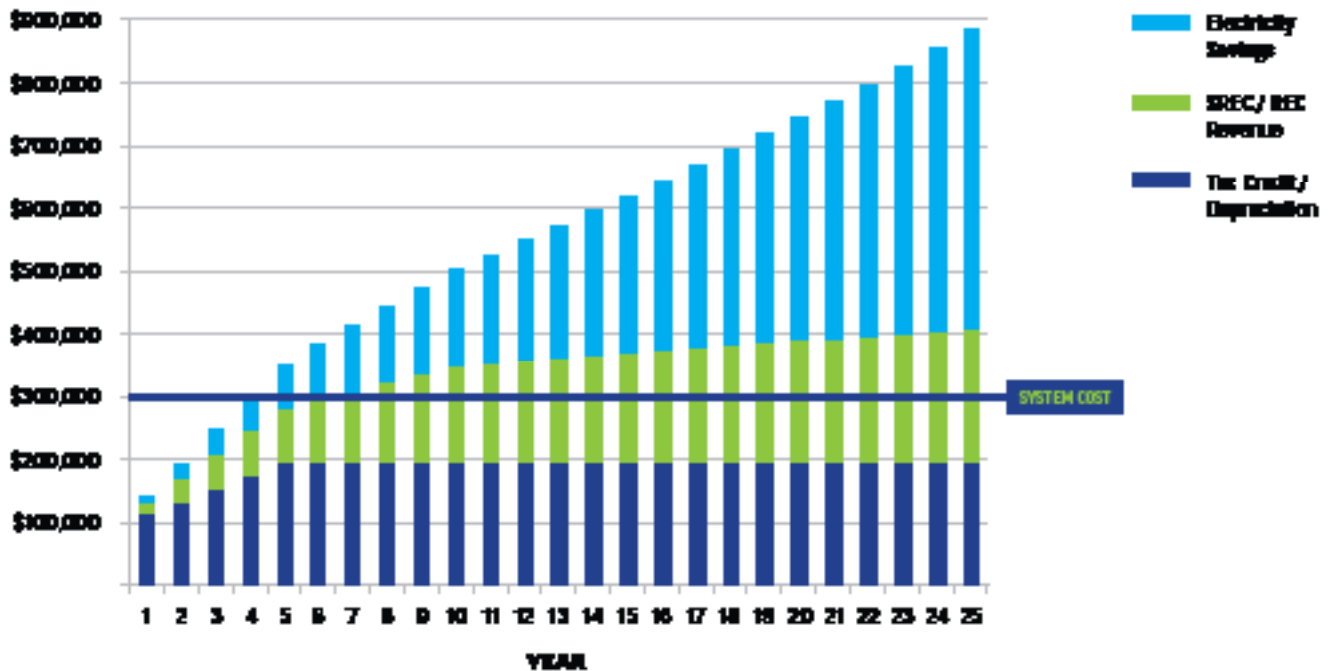
In an operating lease, the leasing company utilizes the tax benefits associated with solar, thereby significantly reducing your financing costs. At the end of a fixed period, you have the option to purchase the asset or extend the lease. This is often the favored solution for organizations that are unable to fully utilize the tax benefits, yet want the financial benefits of going solar.

### POWER PURCHASE AGREEMENT (PPA)

Significantly reduce energy costs and take advantage of the environmental benefits of solar without any capital outlay and with minimal risk. In a PPA, you lease roofspace or land to a third party who then installs, owns and operates the solar array. The energy generated by the system is sold to you at a negotiated price - usually much lower than current electricity rates. A PPA can be utilized by any type of organization, but is frequently used by non-profits (churches, schools, etc.) unable to utilize the tax benefits of solar.

## Average Solar Energy Return on Investment: 100 kW (PV) System

25-YEAR CUMULATIVE RETURN



## Comparative Financing Analysis

	PURCHASE		LEASE		
	CAPITAL PURCHASE	BANK FINANCED	CAPITAL	OPERATING	PPA
<b>PAYMENTS</b>					
Total System Cost	\$300,000	\$300,000	\$300,000	\$300,000	
Down Payment	\$300,000	\$90,000			
Total Payments (Principal & Interest)		\$279,000	\$362,000	\$221,000	
<b>TAX BENEFITS</b>					
Investment Tax Credit	\$90,000	\$90,000	\$90,000		
5-Year Accelerated Depreciation*	\$99,000	\$99,000	\$99,000	\$20,000**	
<b>25-YEAR REVENUE / COST SAVINGS</b>					
Electricity Savings	\$480,000	\$480,000	\$480,000	\$480,000	\$142,000
SREC / REC Revenue (After tax)	\$216,000	\$216,000	\$216,000	\$216,000	
<b>25-Year Cumulative Net Cash Flow</b>	<b>\$585,000</b>	<b>\$516,000</b>	<b>\$523,000</b>	<b>\$495,000</b>	<b>\$142,000</b>

Assumptions:  
100 kW system at 10-degree tilt, 180-degree azimuth, Greater Boston area  
12 cents/kWh electric rate escalating at 3% annually  
SRECs at auction floor years 1-10, 0.9 SREC Factor  
RECs at \$6/MWh years 11-25

25-year PPA price of 9 cents/kWh escalating at 2.5% annually  
Operating lease assumes 20% buyout in year 7  
Combined federal and state tax rate of 39%  
\* Monetized value of Modified Accelerated Cost Recovery System (MACRS) over 5 years  
\*\* Depreciation attributable to operating lease buy-out period