



Solar Project Financing



Eagle Point
SOLAR
Bringing you the SUN®

Net Metering

Utility Policy on Excess
Solar Energy Production

Tax Credits

Federal Tax Credit = 30% of
Project Cost



Net Metering

Utility	Solar Size	Avg Cost/kWh	Net Meter Policy
Alliant	110% Offset	\$0.17	Annually, \$/kWh
MidAmerican	110% Offset	\$0.12	Annually, \$/kWh
Linn County REC	No Limit	\$0.12	Monthly, \$.021/kWh
Eastern Iowa L&P	20 kW Limit	\$0.10 (On/Off)	Monthly, \$/kWh (On/Off)



Tax Credit

<u>Owner</u>	<u>Fed 30%</u>	<u>Depreciation</u>
Residential	Yes	No
Commercial	*Yes	*Yes
Non-Profit	No	No

*If Taxable Income/Appetite



Who Owns the Solar Array?



Home Owner

Can benefit from
30% Federal Tax Credit



S- or C-Corp

Can benefit from
30% Federal Tax Credit
and Depreciation



LLC and ESOP

Will not benefit from
30% Federal Tax Credit
and Depreciation
Because unequal tax status
of each owner



Non-Profit/Muni

No tax benefit from Credits or
Depreciation



Residential Solar Financing

Is There Taxable Income?

Yes - Will receive Federal Tax Credit

No - Federal Tax Credit provides no value

How To Pay For

Cash/Savings

No borrowing costs, and provides for the quickest payback on investment.

Loan

Home Equity Loan - Home is underlying asset.

Financing (Greenpenny) - Solar is underlying asset.



Commercial Solar Financing (S- or C-Corp)

Is There Taxable Income?

Yes: 1. Will receive 30% Federal Tax Credit*

2. Can use 85% of Project as Cost Basis and Depreciate all of it in Year One*

* If business has taxable income to absorb

How To Pay For

Cash/Savings

No borrowing costs, and provides for the quickest payback on investment.

Loan

Only borrow costs for term of loan.

Lease

Slowest Return on Investment



Commercial Solar Financing (LLC or ESOP)

Is There Taxable Income?

Yes - But credit will likely not be shared equally across investors/owners.

No - If any one owner cannot use the credit, than it is not likely to be used at all.

How To Pay For

Operating Lease

Fixed Monthly Payment

Power Purchase Agreement

Monthly Payment varies by solar energy production



Non-Profit (Municipality) Solar Financing

Is There Taxable Income?

No - Entity does not pay Federal or State Tax

How To Pay For

Cash/Capital On Hand

Own the Solar Array, and receive immediate savings from production

30% Payment for Investment

Power Purchase Agreement

Monthly Payment varies by solar energy production

Solar Array Investment Varies by Ownership Type

There isn't a One Size option for investing in a solar array.

There is, though, an investment approach that will make the most sense for each person or organization.





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