



# DOCKET

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## FAQ'S FOR UTILITY SOLAR PROGRAM ADMINISTRATORS

### What is SolarLease?

SolarLease is an operating lease of solar panels, inverters and maintenance services provided by SolarCity. Under this arrangement, SolarCity owns the solar array, utilizes the various tax and production incentives, and passes these benefits through to homeowners in the form of low monthly payments. Customers pay according to a fixed schedule of payments over the lease period, typically 15 years. By reducing or eliminating the homeowner's up front cost, SolarLease accelerates the adoption of residential solar while simultaneously helping communities achieve their greenhouse gas reduction goals faster.

### How does a SolarLease differ from a straight cash purchase of a solar system?

It differs from a straight cash purchase in several ways. First, SolarCity, not the homeowner, owns and maintains the system. Second, the homeowner does not have to come up with a large upfront payment (residential systems can cost \$25,000 - \$50,000 or more). Third, our performance guarantee and warranty cover the equipment and guarantee its productivity for the 15 year term, including the DC/AC inverter.

### How does SolarLease differ from a Power Purchase Agreement/PPA?

Monthly payments under a lease are fixed according to a schedule of payments which is specified in the lease. A PPA charges the customer based on the amount of electricity produced.

### Is a lease more expensive than a straight cash purchase?

No, it's actually more affordable. The lease structure allows the commercial lease holder to take advantage of the 30% federal Investment Tax Credit (ITC) and depreciation benefits, which cannot be used by homeowners owning their own assets. These savings are passed along to homeowners in the form of lower monthly lease payments.

### Does the homeowner use his/her home as collateral?

No.

### Is SolarLease selling electricity?

No.

### How do we as solar administrators know that your system is performing over time as you promised?

Every installation includes SolarGuard, a remote monitoring system that is accessible via the Internet, which is used to continuously track the system's output. We will be alerted to any erosion of output or other problems. In addition, SolarCity guarantees the amount of electricity produced over the life of the lease.



### Why is the lease term 15 years?

SolarLease is a true Operating Lease and must adhere to specific IRS guidelines and tests. This can be achieved with lease terms up to 15 years.

### Why is SolarLease good for a utility provider?

Many utilities have embraced third party financing. It facilitates more rapid adoption of residential solar, because it removes the biggest barrier to the homeowner—the upfront cost. Also, it allows utilities to access private sources of financing for solar that are off their balance sheets and not financed by their ratepayers. It also allows the utility to decrease the amount of electricity it needs to purchase/produce to meet peak demand.

### What happens at the lease end?

The consumer has four options. He/she can purchase the system for its residual value, renew the lease, have SolarCity remove the solar panels at no cost, or upgrade to a newer technology at that time.

### If the homeowner moves, can the new homeowner assume the lease?

Yes, provided the new homeowner qualifies for credit. The buyout price of the lease may be incorporated into the price of the new home, since it is a capital improvement that has been shown to increase a home's value.

### What if the new owner doesn't want the system? We're concerned about paying incentives for a solar system that in a few years may not be producing kWhs/RECs in our service territory.

The same concern pertains to a customer who acquires a system for cash, who could remove the system and keep the entire rebate. But in a leased system, there are actually more built-in safeguards. SolarCity customers have a contractual obligation to SolarCity, and SolarCity has an obligation to service the system. If there was some reason why the customer no longer wanted the panels, or wanted to renovate the house in a way that affected the panels, SolarCity would remove the system and make a good faith effort to relocate the system on another house in your utility's service territory.

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