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## The Advantages of the Solar Lease Option

In early 2009, something very important to the solar industry was born: the zero-down residential solar lease. San Jose Mayor Chuck Reed is credited with issuing an industry challenge that resulted in several zero down solar lease programs offered in San Jose and San Francisco Bay Area. In general terms, a zero-down solar lease works is similar to how an automobile lease works. The homeowner signs a lease contract, pays a down payment and deposit, makes periodic installments on the lease during its term, then buys-out the system at the end of term. It's a familiar concept.

Within the solar industry, however, it is possible that a solar lease can actually end up being cheaper than an outright purchase, and come with "free" installation and maintenance. Sounds too good to be true, doesn't it? But it can work through state and federal incentives.

How the Solar Lease works (and why it's cheaper than outright purchase):

- The solar company designs a custom, state of the art solar system.
- The company retains ownership of the solar system, and arranges lease financing.
- Commercial solar subsidies can offset up to 75 percent or more of the cost of the solar system. For example, at the time of publication, California has 30

percent ITC cash grant, 35 percent depreciation, and significant state rebates that all add up to approximately 85 percent of the total cost of the solar system. These subsidies are not available to the homeowner, except through a solar lease.

- Solar leases are available for zero down payment.
- Property owners who research their options can find leases with no large up front cost and no backend balloon payment. Also, the actual lease payments can be offset completely by savings generated by their new solar system on their electric bill.
- Finally, the homeowner can pre-pay all lease payments upfront for even greater savings.

At a time where solar energy is still a little more expensive than traditional utility energy, smart financing and maximized subsidies can actually tilt the equation in your favor. Look for more solar lease options in the years to come.

On a final note, call your senator and let them know you want the Federal ITC renewed for solar and alternative energy. We need a good incentive program to jumpstart the solar industry, because solar can be a zero-cost choice.

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