



# SOLAR TARIFF 2018 FACT SHEET

## New Tariffs to Have Minimal Impact on Solar Power Cost Savings for Businesses and Organizations

### TARIFFS WILL **NOT** ADVERSELY IMPACT VIABILITY OF ECONOMICALLY SOUND SOLAR PROJECTS

In a move to protect U.S. manufacturers, the Trump administration recently placed new tariffs on solar panels and cells that are imported into the United States.

While these tariffs will nominally increase costs for solar project, they will have minimal impact on the robust cost savings potential that solar provides to many companies and organizations in commercial, industrial, and non-profit sectors.

- **Solar makes economic sense:** With or without tariffs, a well-engineered solar installation still provides substantial savings on electricity costs compared to utility-generated power, enabling users to pay a lower electricity rate for the long lifetimes of these systems—25 years or more.
- **A variety of financing options** (see below) with no up-front costs are also available to enable companies and organizations to finance a solar implementation. These financing options allow a company to pay a set, low monthly fee for the life of the system at a rate which is substantially lower than the company's cost for utility-generated power.
- **Solar is a homegrown U.S. business:** It allows us to make solar work to save your business money. This cannot be outsourced.

### HOW SOLAR CAN MAXIMIZE YOUR COMPANY'S ENERGY SAVINGS

An experienced and knowledgeable partner like GEM Energy is able to guide and coordinate to make solar power a viable and highly cost-effective savings option. We can help properly specify, engineer, and right-size a solar implementation that allows you to gain maximum long-term savings. Additionally, we can help you select from a range of financing options to meet your needs, based on a careful analysis of your energy costs and financial goals.

 SEE REVERSE SIDE FOR A SUMMARY OF SOLAR ENERGY FINANCING OPTIONS

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# FINANCING OPTIONS AVAILABLE

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Solar installations can be funded through one of three primary options:

## 1. POWER PURCHASE AGREEMENT (PPA):

### Pay a Single Low Monthly Rate for the Life of the System

- Under a Power Purchase Agreement (PPA), financing is through a third-party investor group, which owns the installation and sells power to you at a rate that is lower than the rate you now pay for utility-generated power.
- With the PPA option, you gain the benefit of a solar implementation without bearing any out-of-pocket costs, in exchange for agreeing to buy solar power under the PPA for the lifetime of the agreement, usually 25 years.
- A PPA also transfers all maintenance costs and other risks away from you (the company using the system) to the third-party owner of the solar installation. The third-party owner then bears the risk of providing the solar power available from the system to the user, who only pays for the actual electricity received and used.
- Solar electric rates in a PPA are set at levels which are lower than electric utility rates, offering you immediate savings with no capital outlay, and stable, predictable energy rates for the lifetime of the system.
- Under a zero-out-of-pocket option, the third party system owner will capture tax benefits on behalf of the customer. This is particularly advantageous for non-profit organization, as a PPA allows tax-exempt entities to see a portion of that tax value passed down in a lower cost per kilowatt rate.

## 2. LEASING:

### Financing With Tax and Depreciation Benefits

Companies also have the option to finance a solar installation under either a capital or operating lease option:

- Under a capital lease, the company's lease payments are applied to the total cost of the solar installation. At the payoff of the lease period, the company then owns the solar installation outright.
- Under an operating lease, companies make lease payments over a 7-10 year term, with a residual payment at the end of the lease term.

## 3. SELF-FUNDING

### New 100% Depreciation Tax Rules Provide Substantial Tax Benefits

- Companies that finance their own solar installation can often receive the greatest savings, payback, and ROI benefits. Self-financing offers owners the greatest monetary benefit from capital ownership and tax depreciation deductions.
- Under the new 2018 tax law, companies can now write off 100% of the capital costs of a solar power installation in the first year, which can provide substantial tax savings.
- These benefits are further enhanced when combined with the 30% federal tax credit for solar installations, and various available state and local funding incentives.



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