



Commercial solar electric

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This article provides an in-depth look at commercial solar systems, showcasing their potential to revolutionize how businesses generate and consume energy. It emphasizes the financial and environmental benefits of adopting solar technology, illustrating the process, challenges, and long-term rewards of transitioning to renewable energy sources for commercial operations.

Commercial Energy Broker o Commercial Solar o Distributed Energy o Electric Grid o Electricity o Emerging Energy Markets o Energy Savings Tips o Renewables

The energy transition away from fossil fuel electricity generation towards sustainable energy sources is becoming increasingly vital in our journey to combating climate change. Within this green revolution, commercial solar energy emerges at the helm, offering businesses an opportunity to not only support the environment, but to also benefit financially. This article aims to explore the multifaceted world of commercial solar energy, delving into the technology of commercial solar, its applications, and the various financial incentives available for commercial solar systems. If you own or operate a commercial or industrial organization and are looking for ways to reduce energy costs for your business, uncover the benefits of solar energy for your operation.

Commercial solar energy, also known as photovoltaic (PV) energy, utilizes solar panels and systems to generate electricity for commercial, industrial, or municipal applications. Commercial solar systems are specifically designed based on a business's energy consumption and/or available space to install PV panels. While some businesses might have rooftops with much sun exposure, others could be limited and it may not be profitable to install solar panels on the entire roof. Some commercial solar applications utilize parking lot space through the construction of parking canopies, while others try to utilize extra land that they might own at or near their business.

The answer: it depends. The profitability of a commercial solar system depends on several factors. And, many times these factors are predicated on the location of the system due to state-specific incentives. When looking at the numbers, it is important to be aware of the costs, benefits, and financial perks associated with commercial PV. The best way to do this is to transform your solar project into a financial statement with income, expenses, assets, and liabilities. Let's explore this in more detail in the example below.

For this illustration, we will assume the following:

Now, there are several ways to look at the profitability or return on investment with this example. One school of thought says that the business is earning \$77,000 per year on a \$1,225,000 investment (purchase price after tax credit). This gives the business owner a 6.2% annual rate of return. Another school of thought is to take the annual benefit from the SREC income and energy savings, less maintenance costs (\$140,000) and divide it



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into the total system cost after the tax credit (\$1,225,000). In this scenario, the business owner recoups his investment in 8.75 years and then gets free power from the solar system (less any maintenance costs).

Another scenario, that we will discuss in more detail below, is bonus depreciation. The IRS allows businesses to depreciate 100% of the solar project cost in year one. This allows the owner to offset all of the income generated by the system as well as other business income he might have in that year. Remember, depreciation is not a one-to-one benefit as the total cash value is based on your tax rate.

In each scenario, this appears to be a profitable deal for the business owner. Now, remember, the SREC incentive income is a state-based incentive and will change based on the project's location. It's best to evaluate each commercial solar project on an individual basis to determine its profitability.

Contact Us. Schedule a time to speak with one of our energy experts.

There are several ways to construct a commercial solar system. While most private businesses are concerned with the financial aspects of the solar project, other organizations are more driven by environmental benefits. All of these factors play a role in determining how much solar to install on a property. Let's explore some of the more uses of commercial solar below and their advantages.

A rooftop solar system consists of photovoltaic (PV) panels installed on the roof of a building to convert sunlight into electricity. This setup is designed to seamlessly integrate on the building's roof and electrical system, making it the most popular commercial solar system use. If the business's roof has a lot of sun exposure, this is often the very best and most affordable way to install solar.

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