

Cheaper Solar Power's Time Has Come

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(PhysOrg.com) -- Solar power manufacturers in the US are cutting prices to shift their stock, the government is chipping in with tax credits, and innovative leasing or financing arrangements spreading payments over up to 20 years are being introduced. All of which makes solar power much more affordable than before.

A [solar system](#) can cut your electricity bill to little or nothing if you live in a sunny area, but the initial costs of as much as \$20,000 have been prohibitive for many people. Even for those who can afford the outlay, it takes around a decade or more for the system to pay for itself, depending on your electricity use and the climate where you live.

Now solar panel prices are falling, with high quality [crystalline silicon](#) modules dropping to about \$2.40 per watt, or about half last year's price,

and the cost is likely to drop even further.

[Solar panels](#) generally make up less than 50% of the final cost, since you also have to pay for installation, permits and taxes. Most systems also need an inverter to convert the panel array's direct current output to alternating current. Even so, with the price of panels being slashed, the cost of an installed system that retailed for \$9-10 per watt last year can now be fully installed and operating for around \$7.50 per watt, even before the government subsidies.

Government subsidies come in the form of state rebates and a federal government investment [tax credit](#) to the tune of 30 percent of the total system cost. If you're a taxpayer, these subsidies slash thousands off the cost of a solar system.

The initial costs can still be prohibitive, even with the current savings, and so some solar companies are introducing long-term (15-20 year) leasing and purchasing arrangements that have zero or minimal initial costs, and spread the outlay over a long period. Leasing and long-term payment schemes are proving successful with private homeowners, and with businesses such as Wal-Mart, that want solar electricity without the initial outlay.

If you lease the solar panels, you will pay the solar company each month, but savings are immediate, and can cut your electricity bills by 10-15 percent. If you lock in the rate, over time savings are much greater as electricity prices go up, but the price you pay doesn't.

Resourceful communities are also banding together to buy solar panels in volume, and this can bring the cost of a system down to just over \$6 per watt, even before rebates and tax credits. A company called One Block Off the Grid, for example, is organizing homeowners around the US into groups of over 100 to ensure the solar companies give them the best

discounts. Signing up is free, and without obligation.

Solar installers will estimate the payback time and savings you will make, but you can do your own estimation at sites such as findsolar.com. Plug in your details in their free solar calculator and they calculate the costs, savings, return on investment (ROI) over 25 years, and the break-even time.

Whether you pay for your solar system upfront, lease it, have a long-term purchase arrangement, or join a community solar group, massive savings are assured. And there's never been a better time to start.

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