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Forecast Says There May Never Be a Better Time to Invest in Commercial Solar

"Making hay while the sun shines" is a particularly appropriate idiom when applied to the decision about when to go solar. Today's solar industry climate has never been more favorable for organizations looking to install a commercial solar energy system. And while the extended outlook for solar continues to be bright, when you consider all of the incentives and benefits currently available, there may never be a better time to make solar "hay."



The Future of Commercial Solar Power is Bright...

Commercial solar installations are becoming the norm for many Fortune 500 companies (Apple, IKEA, Costco, FedEx and Verizon to name just a few). These companies have helped prove the viability of solar technology, demonstrating that it can provide efficient, low-cost energy production on an ever-growing scale. Now more than ever, solar is not only an environmentally responsible power choice, it is also a smart fiscal choice.

As solar continues to be adopted by organizations large and small, the need to offer incentives to make the switch will diminish. The solar industry has already outgrown many state subsidy programs that are now largely expired. That's actually great news because it points to a robust and growing alternative energy option. According to a [recent study by Shell Oil](#), solar power is the 13th largest energy source worldwide, but will rapidly grow to 4th place (behind oil, gas and coal) by 2040. By 2100 solar energy will be in first place, producing almost 38% of the world's energy.

...But the Outlook for Solar Power Installation Incentives is Hazy

Financial incentives that make going solar attractive today simply may not be needed tomorrow. Some already have set expiration dates. For example, the Solar Investment Tax Credit (ITC) was renewed by Congress this past December, but is scheduled to be reduced in coming years. Right now qualified owners can get a dollar-for-dollar tax deduction for up to 30% of the cost of establishing a new solar power system. Even if your organization opts to lease its solar equipment or enters into a Power Purchase Agreement (check out this business brief for more information on the [different ways to finance a solar project](#)), the ITC benefit can still be passed along indirectly through better terms offered by the solar equipment owner.

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Starting in 2020, however, the ITC benefit drops to 26% and keeps falling in subsequent years until it hits 10% in 2022. While that's still a pretty attractive tax incentive, you can realize greater value if you can plan and execute your solar installation now.

Depending on your location, there could be other state and local incentives for businesses investing in commercial solar energy. While it's impossible to list them all in this article, there are resources available to help point you in the right direction. Check out [Solar Incentives, Policies and Advocacy: 6 Info-Packed Sites to Save and Share](#). It's worth a little digging to find out what other benefits may be available to you now—and when they may be disappearing.

Today's Forecast for Interest Rates is Sunny...

If your organization plans to borrow money to finance a commercial solar installation, there may never be a better time to do it. Interest rates are at record lows and many businesses continue to take advantage of the Federal Reserve's "temporary" response to the global financial crisis. Steps taken to stimulate the economy eight years ago remain in place today. And while the Fed is unlikely to take any dramatic action to significantly raise interest rates in the near future, financing sooner than later could provide savings to you in the long run.



Reading Your Commercial Solar Investment Barometer

Tapping into the forecasting skills of your organization's finance experts can shed some light on the benefits of investing in solar power now. They can help you analyze things like:

- **Payback**—how quickly the solar installation will pay for itself through energy cost savings
- **Return on Investment (ROI)**—another calculation that evaluates how much you'll save over the lifetime of the solar equipment
- **Net Present Value (NPV)**—a more detailed analysis of what your solar investment today would be worth in the future
- **Internal Rate of Return (IRR)**—helps you compare the financial benefits of going solar versus making some other type of investment

ROI. NPV. IRR. Don't worry if you're thinking "IDK" when it comes to this alphabet soup of financial analytic tools. Just know that there are methods available to help you determine how much fiscal sense it makes to install solar equipment over a given period of time. Moving forward today could save you even more over the lifetime of your commercial solar installation.

Solar Power's Social Climate

Financial forecasts and calculators are great number-crunching tools to help shape an opinion about the bottom-line benefits of a commercial solar installation. However, there are softer, less obvious factors that can have a very real impact on your organization's books as well. For most businesses, being profitable is the goal. For others, making money in a way that doesn't hurt the environment or others is more important. Fortunately, being profitable and being socially responsible are no longer mutually exclusive.



Adopting a solar energy solution today is a public declaration of your willingness to invest in corporate social responsibility. People are increasingly aware of the impact different companies have on the environment. Many are even willing to pay more for products and services to support organizations they view as "green." Once you've adopted solar as your energy choice, you'll begin enjoying the long-term financial as well as the almost immediate social benefits.

While difficult to quantify, there are other immediate benefits to installing a clean, efficient solar power system. Making the move could actually help your organization attract and retain great employees. Many of the best and brightest of this future workforce will include individuals who are increasingly looking to join progressive, forward-thinking organizations. You won't find this as a line-item from your accountant, but check with your human resources department or public relations team and you'll see it pays to be more environmentally responsible.

The Short-Term Solar Outlook is Clear

When is a good idea even better? When acting on that idea today saves more money and offers greater benefits than if you waited. Making a solar investment someday is always a good idea. For many organizations, however, deciding the best time to buy solar panels today is a great idea. Whether you go solar now or later is up to you. Just remember the sooner you switch to solar, the sooner you'll start realizing the fiscal, social and environmental benefits. Yes, the extended outlook for solar energy may be bright, but current conditions are absolutely beautiful—and they may never be better.

For more on sustainability, renewable energy and the solar industry—visit the [SunPower Business Feed](#)

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