

# PSE&G Solar Loan Program

---



**PSE&G**

*We make things work for you.*





## Solar Loan Program highlights

- Guaranteed SREC floor price
- 11.179% interest rate
- 10 year term-loan based on expected SREC production
- Loan funds can cover up to 70% of solar system costs
- Funds disbursed post-construction



## Why go solar now?

Solar energy provides significant environmental and economic benefits to today's consumers. With lower solar equipment costs, more efficient technologies, and state and federal incentives, the cost of solar energy is increasingly competitive with retail electric rates.

***Owners of solar installations that start construction on or before December 31, 2019 remain eligible for the 30% federal investment tax credit for solar projects.***

The credit is reduced to 26% for projects that start construction in calendar year 2020 and 22% for projects that start construction in calendar year 2021. For non-residential and third party owned residential projects that start construction in calendar year 2022 and beyond the credit is reduced to 10%.

## PSE&G makes it affordable to go solar

PSE&G's Solar Loan Program helps qualified business and residential customers finance a significant portion of their solar energy system costs. The loan can be repaid with cash or Solar Renewable Energy Certificates (SRECs), which are valued at the higher of a predetermined floor price or the market price. As a result, solar loan customers are assured that their SRECs will have a minimum value for the life of the loan while retaining upside market benefits.

## What's an SREC and how much are they worth?

A solar installation earns one SREC for every 1,000 kilowatt-hours (kWh) of electricity generated. The market price of SRECs has varied from more than \$600 to less than \$100 during the last five years. The NJ Clean Energy Program publishes current market prices. However, the future value of SRECs cannot be predicted with certainty, making economic returns uncertain.

***A solar loan locks in SREC value long term.***

## Hedge against SREC risk

The Solar Loan Program offers SREC price certainty by providing a minimum floor price for your SRECs.

- The minimum floor value is guaranteed for the life of the loan.
- The loan is structured so that expected SRECs production covers the monthly principal and interest payment on the loan.

***The loan repays itself. Out of pocket payments are not required if the system performs as planned.***

## SREC bid pricing

Solar Loan Program applications are accepted only during bi-monthly solicitations.

Applicants “bid” into the program the price at which their SRECs will be valued for the purpose of repaying the loan.

If a “bid” is accepted, PSE&G will guarantee the bid price for the term of the loan.

## Eligibility requirements

- Solar system must be in PSE&G's electric service territory.
- System must be eligible for net-metering and SREC generation.
- Applicant must meet the program's credit requirements.

## Program benefits

*Solar Loan is a hedge against market uncertainty*

- A minimum SREC floor price is guaranteed regardless of market price fluctuation.
- Customers get stability and long term SREC price certainty.

*Predictable economic returns can lead to better investment decisions.*

*Customers retain potential upside on SREC prices*

- PSE&G values SRECs at the higher of the current market price or the floor price. If prices rise above the floor, the loan will pay down faster.

*Customers are protected against downside volatility while also realizing the benefit of increasing SREC prices.*

*Customers get the value of going solar*

- Energy savings
- Tax benefits (ITC, MACRS depreciation) as appropriate (consult your tax advisor)
- Retain SRECs as a source of additional revenue after the loan is re-paid

*Talk to the PSE&G Solar Loan team or your PSE&G account consultant for details and start the planning process early.*



## Solar Loan Program and PPAs

For customers preferring a Power Purchase Agreement (PPA), the Solar Loan Program can work with providers and has relationships with a number of PPA industry leaders. Customers may benefit through lower energy prices when PPA providers hedge their SREC risk through the Solar Loan Program. Have your provider call PSE&G for program details.





## With the PSE&G Solar Loan Program, customers can

- Achieve meaningful energy cost savings.
- Lock in SREC value for 10 years.
- Make better investment decisions with certain SREC cash flow.
- Repay their loan with SRECs without out-of-pocket payments if the system performs as planned.



*PSE&G's Solar Loan Program has financed more than 80 megawatts-dc of solar capacity for non-residential electric customers in various sectors.*

### To learn more:



[pseg.com/solarloan](http://pseg.com/solarloan)



[solarloan@pseg.com](mailto:solarloan@pseg.com)