



# Streamlining Commercial Solar

Simplifying solar energy for a clear path to success



**Large and small organizations are realizing significant business value by incorporating solar energy into their overall energy strategy. Commercial solar is a practical way to help mitigate volatile energy prices, reduce electricity costs, cut emissions, meet sustainability goals and showcase environmental leadership.**

But, getting started with solar can be a nuanced and confusing process. If you're unfamiliar with the technology, regulations, programs and modeling economics involved with commercial solar — and the methods that brokers, developers and suppliers will use to get you to sign on the dotted line — you could be setting yourself up for failure.

Solar energy is never a one-size fits all solution. The size of each solar system is measured in watts and is dependent on how much electricity a facility needs. Your organization's property, operations, energy consumption, budget, and business objectives are unique, and your solar solution should be too. If a solar provider is offering an off-the-shelf solution, before they fully understand your challenges, needs and goals, they do not have your best interests in mind.

In this White Paper, we'll review the benefits and key considerations of commercial solar and provide the insight you need to make better-informed decisions to streamline your path to commercial solar success.

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## The Benefits of Commercial Solar

Commercial solar is a safe, well-understood and reliable technology capable of generating excellent financial returns. Among the many benefits of solar energy, these are the main motivators:

- » Solar provides long-term control over energy spend and budget predictability.
- » The cost for solar has dropped significantly over the past decade and there are several ways to purchase or finance a solar system today.
- » There are multiple solar options — beyond installing solar panels on your property.
- » Investing in solar is a tangible reflection of a company's commitment to sustainability, which provides a competitive advantage.
- » Federal, state and local solar programs offer financial incentives.
- » You don't have to go it alone, an experienced solar consultant can "sit on your side of the table" as an advocate.

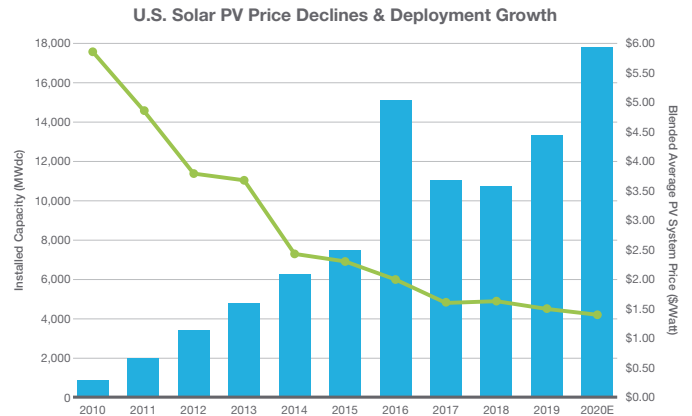


Commercial solar is one of the most powerful solutions to help organizations reduce electricity costs and meet sustainability goals.

# Key Considerations

## Solar is More Affordable Today than Ever Before

The *U.S. Solar Market Insight (2020)* report by Solar Energy Industries Association (SEIA) and Wood Mackenzie Power and Renewables states that the cost to install solar photovoltaic technology (PV) has dropped by more than 70% over the last decade, allowing corporate customers to increase the size of their solar PV systems and power larger shares of their operations. Prices as of Q1 2020 were at their lowest levels in history across all market segments and solar has ranked first or second in new electric capacity additions in each of the last seven years.



The cost for commercial solar has dropped significantly over the past decade.



## Solar Solutions are Scalable and Diverse

As the availability of commercial solar options has expanded in the U.S., so too has the number of companies choosing solar as their preferred energy source. Whether your goal is to power operations, meet environmental goals or simply to save money on electricity, going solar is a smart business decision on many levels.

If you've been hesitant to move forward with commercial solar because you're not sure whether your energy usage warrants it, you don't believe a solar installation is feasible for your property, or you don't think the ROI would be significant enough, it pays to have your organization assessed.

There are several commercial solar programs available today. From onsite solar, offsite solar and community solar to buying and selling Renewable Energy Credits (RECs), the right clean energy solution can help your organization meet its sustainability requirements and offset its carbon footprint.

Source: SEIA/Wood Mackenzie Power & Renewables U.S. Solar Market Insight 2020 Q2

## Regional Financial Incentive Programs

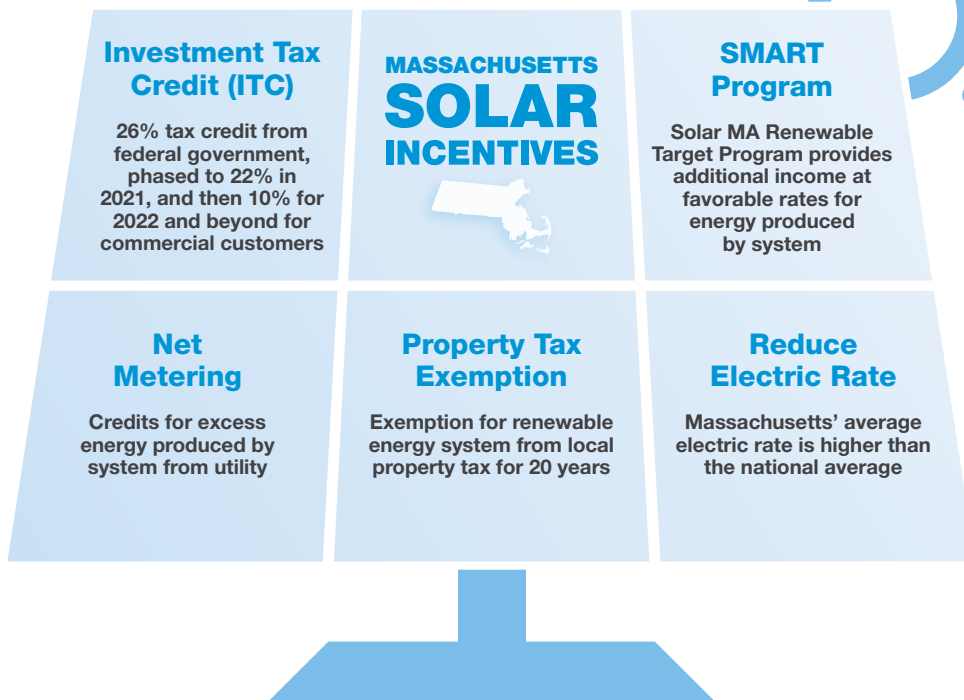
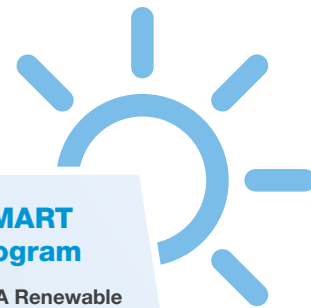
It pays to understand the solar benefits in your geographical region. Commercial solar can not only satisfy the clean energy requirements of local governments, it can also provide financial rewards in the form of Federal Investment Tax Credit (ITC). ITCs are the most significant financial benefit for anyone interested in commercial solar. State and federal incentive programs vary by region and each has its own, very specific financial incentives to support investment in solar.

The Solar Massachusetts Renewable Target (SMART) program, for example, offers eligible participants fixed, long-term electricity prices over a 10- or 20-year period and monthly financial incentives in the form of ITC. When the program launched in 2019, the credit was 30% and the credit percentage is phased down over time — 26% in 2020, 22% in 2021, and 10% in 2022 and beyond for commercial customers.

The goal is to unlock the maximum benefit that solar energy can offer your organization while staying informed as the energy market and local regulations continue to evolve.



The ROI impact of the decision to switch to green power is highly dependent on specific state programs and incentives.



## A Competitive Advantage

By leveraging solar energy, commercial and industrial entities of all sizes can lock in favorable electricity prices and reduce their reliance on a volatile market. But there are other, extremely significant benefits that may be less obvious. In today's business climate, sustainability and competitive advantage are very closely linked. According to a report released by the U.S. Business Roundtable in August 2019, investors and executives agree that paying attention to Environmental, Social, and Governance (ESG) concerns is good for business performance and strong ESG propositions relate to higher financial returns and lower downside risk.

In a world where environmental, social, and governmental concerns are becoming more urgent than ever, understanding those ties is essential to making sound decisions about how to allocate capital and other resources. In its report, *Five Ways that ESG Creates Value (2019)*, McKinsey & Company states that "upwards of 70 percent of consumers surveyed on purchases in multiple industries, including the automotive, building, electronics, and packaging categories, said they would pay an additional 5 percent for a green product if it met the same performance standards as a non-green alternative."



In today's business climate, sustainability and competitive advantage are very closely linked.

### The benefits of establishing your business as environmentally conscious:

- » **Brand appeal and customer loyalty**  
Displaying a solar array, or participating in a regional solar program, can help your business earn recognition as a sustainability leader. From this perspective, your investment in solar energy makes your company an attractive business partner for green-minded customers.
- » **Employee retention and satisfaction**  
A company that values positive environmental impact can find it easier to attract, retain and motivate quality employees by instilling a sense of purpose.
- » **Preferred business partner**  
Participating in a solar program can demonstrate your position as a "green business partner." Included in the corporate sustainability goals of many businesses today is the preference to conduct business with other sustainable organizations.
- » **Supporting the local economy**  
When a business contracts with a solar company, workers in the local job market benefit. Greater demand for solar projects increases the availability of high-quality, well-paying jobs.

## Finance Options and Stakeholder Buy-in

Explore your organization's appetite and expectations for a renewable energy project. The answers to these questions will be critical in the crafting of your ideal solution.

- » **Are electricity costs a significant contributor to your operating expenses?**
- » **Is your business in a region with average or above-average energy prices?**
- » **What are the business objectives of your solar project?**
- » **Is there stakeholder support and buy-in?**
- » **What is your capital expense budget?**
- » **Is upfront cash available or will you need financing?**
- » **What kind of information will you need to satisfy decision-makers?**

Many businesses choose to purchase systems outright by using available cash. Cash deals typically have a higher return on investment because they allow businesses to take advantage of tax credits and incentives, but they do require an upfront investment of capital and that may not be feasible for all businesses. A popular choice for many is the Power Purchase Agreement (PPA). PPAs provide electricity at a lower cost than current electricity rates, as well as future price certainty for up to 20 years. A PPA allows the solar equipment to be installed onsite, at no cost to you, and you are not responsible for installation and maintenance. The developer arranges for the design, permitting, financing, and installation of a solar energy system. There are many ways to structure solar PPAs and much care should be taken to ensure all risks and benefits have been properly weighed.

When you have resolved the questions above, it is important to know the kind of information you'll need to present to the stakeholders and decision-makers in your organization in order for them to make an informed decision. An energy consultant is invaluable in helping you to clear this hurdle, as every detail of your project — from initial assessment through selection of a proposal — will be carefully documented and backed by deep insight and analysis.



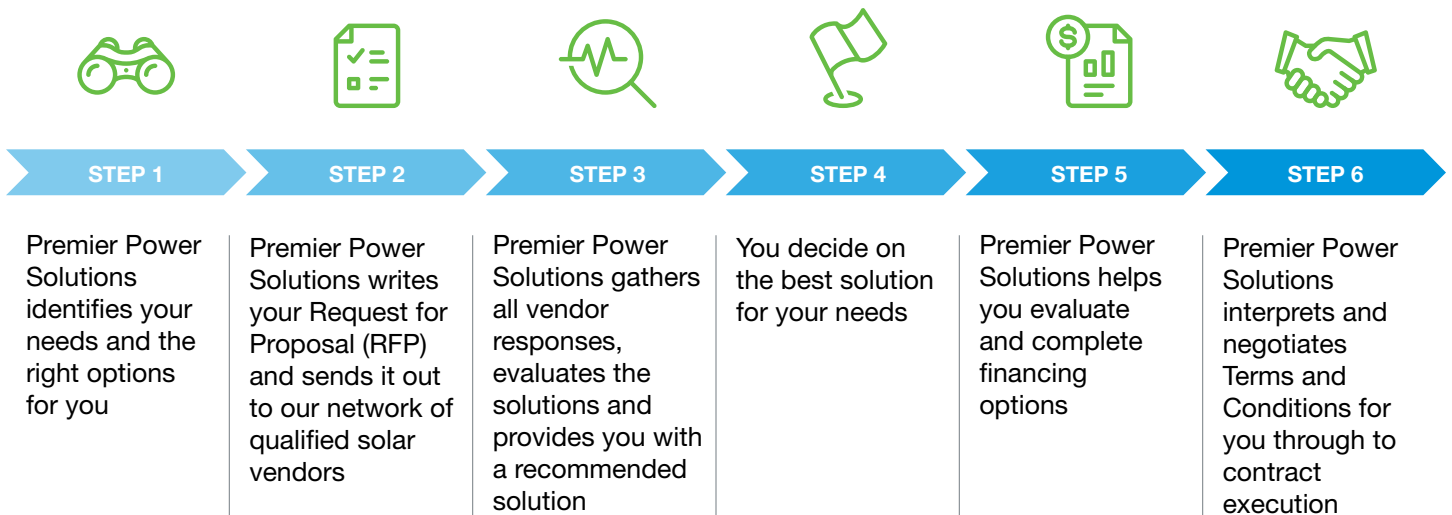
Garnering internal stakeholder buy-in is often one of the most important and challenging steps in the solar development process.

## Leveraging the Expertise of a Consultant

To maximize the environmental and financial benefits of solar energy, organizations should approach a solar project from a position of industry knowledge and a strategic plan. Because most businesses don't have an in-house solar energy expert to provide the level of insight required to arrive at the ideal solution, leveraging the expertise of an experienced energy consultant can pay big dividends over your decades-long solar project. From assessing your energy needs and goals to the feasibility of an onsite installation versus other solar options, and throughout vendor selection, bidding and the lifetime valuation of your project, your solar energy consultant should "speak your language" and "sit on your side of the table" as your advocate and an extension of your team.

Once a solar program is chosen, based on your unique needs, your solar consultant can initiate a Request for Proposal process that will bring more providers to the table, create a competitive bidding situation and help you choose a fair and favorable offer most expeditiously. After identifying several viable suppliers, your consultant will vet incoming bids and work with you to select the most cost-efficient commercial solar solution. Best of all, you won't be bombarded with high-pressure calls and one-off quotes from persistent suppliers, developers and brokers. Your consultant will represent your best interests, negotiate on your behalf and help you arrive at the most favorable commercial solar solution for your organization.

A consultant simplifies the process of finding the commercial solar solution that's right for you.





## Case Study

# New York Private Care Facility

A small private care facility in Northwest New York was interested in leveraging solar energy for their business. It had to be economical and a process that the staff and CFO could manage.

### The Challenge

After being approached by multiple developers offering a variety of programs and financing options, the facility became frustrated and confused — especially after trying a few different programs without success.

### The Approach

Remaining committed to their goal of procuring energy through renewable programs, the facility engaged Premier Power Solutions as a trusted advisor. Premier Power Solutions educated them on solar, managed the procurement process and explored Community Solar options.

### The Solution

- » Participation in the NY Community Solar Program
- » RFP process to manage vendors, standardize offers and establish competitive bidding
- » 10–15% savings on utility bill — without hosting a physical array on the property
- » Exploring leasing land for an additional Community Solar array



The right clean energy solution can help your organization meet sustainability requirements and offset its carbon footprint.

## Conclusion

Commercial solar is a practical way to help mitigate volatile energy prices, reduce electricity costs, meet sustainability goals and showcase environmental leadership. Embarking on a commercial solar project can be a complex and nuanced process. Leveraging the expertise of an experienced energy consultant can empower you with the insight and knowledge required to unlock the maximum benefit that solar energy can offer your organization and stay informed as the energy market and regional regulations continue to evolve.



### About the Author

#### Steve Birndorf

Director  
Renewable Energy Consulting

Steve has more than 20 years of professional experience and is a seasoned energy and clean-tech executive with a foundation in consulting and analysis.



Prior to joining our team, he developed commercial solar projects for a national developer and later founded and built a commercial solar group for another. Steve has developed, financed and advised on commercial and industrial solar projects, primarily to private industry, municipalities, schools, agriculture, and water agencies. Steve graduated from the University of Pennsylvania and earned an MS and MBA from the University of California at Berkeley.

### About Premier Power Solutions

As part of the NextEra Energy family of companies, the largest producer of solar and wind energy in the U.S. and a global leader, Premier Power Solutions brings deep expertise in solar economics, operations, technology, analysis and regulatory requirements to your organization. We are a dedicated and trusted advisor acting on your behalf to customize your commercial solar solution. We sit on your side of the table throughout the life cycle of your solar project — from initial assessment and analysis, through RFPs, vendor selection, and ongoing monitoring and reporting.

## Let's talk

Contact Premier Power Solutions today to develop your own custom energy strategy:

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