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Dear Clients and Friends:

A year ago, I completed a home solar electric installation. The return on investment is hard to beat, especially for homeowners who would otherwise let their money sit in a bank account earning virtually nothing.

Instead of using a contractor, I bought all the parts from a retailer in the Sacramento area. The package included the solar panels, a mounting system and detailed plans ready to file with the building department. I walked the plans through myself, and once they were approved, all the materials for the job were shipped to my home.

Was it a big project? You bet. In my case, it involved a lot of help from friends and an electrician. But you save money when you act as an owner-builder. For a typical roof mount installation, you could see a return of your entire investment in about five years. There's a 30% federal tax credit for every dollar you spend on the project, so almost a third of the cost comes back when you file your next tax return. If your income tax is less than the amount of the credit, you can generally carry the unused portion forward. The renewable energy credit is currently set to expire at the end of 2016.

The rest of the savings comes from reducing or eliminating your monthly electric bill. Once you hit the break-even point, you're getting free energy from the sun. It's easy to find contractors who specialize in solar electric, if you don't want to manage your own project. Their ads are everywhere. Your initial cost will be higher, but it's still a good investment when you plan to be in your house for a long time.

The price of panels has dropped by almost half over the last few years, sweetening the deal. However, the trend is now slightly upward, due to tariffs on Chinese imports and increased demand for solar power in Japan.

If you're thinking about solar electric at home, this is the time to act.



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