



## ***Net Metering? Net Billing?***

### **Understanding Arizona Solar Incentives**



# **Sunstate Power Solar Solutions Provides an Overview of Net Metering in Arizona**

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Sunstate Power Solar Solutions, a solar energy services provider in Tucson, AZ, has released an article that provides an overview of net metering in Arizona, which was one of the first states to adopt net metering policies as a way to incentivize residential solar panel installation. With net metering, those who have solar systems installed in their homes are given credit by the utility for the excess electric power they generate during those times when their energy production exceeds their energy consumption. These credits can be used to help offset the cost of the electric power they consume at night and on cloudy days.

Brent Young, co-owner of Sunstate Power Solar Solutions, says, "With net metering, any excess solar energy your panels generate gets fed back into the grid. Your utility will then credit your account for those extra kilowatt-hours at the full retail rate of electricity. This means you can offset the cost of any grid-supplied electricity you use at night or on cloudy days using the credits from your excess daytime solar production. Credits rollover month-to-month on your utility bill."

The factors that contribute to solar savings with net metering include: the amount of electricity usage offset by solar; the size of the solar installation; any fees charged by the electric utility; and the retail rate of electricity. Utilities in Arizona have been mandated to offer net metering but that was only until the end of 2016. After 2016, they will need to use net billing.

With net billing, the solar system owner is credited for excess solar energy production at a lower compensation rate instead of the full retail rate. This lower rate is known as the excess generation credit rate. The actual rate will vary, depending on the utility and ranges from 60 to 95 percent of the retail electricity rate. The net billing method employs instantaneous netting, which implies that excess solar is credited based on much shorter time intervals, in contrast to net metering. By adding a solar battery to the system, excess solar energy can be stored and used when it is needed, instead of sending the electric energy to the grid. Overall, while net billing offers lower savings compared to net metering, solar systems are still good investments in Arizona.

While net metering is no longer available in the State of Arizona, there are still a number of solar incentives that homeowners can use to decrease the upfront costs of having a solar system installed. One such incentive is the federal solar tax credit that permits homeowners to deduct from their federal income taxes 26 percent of the total cost of the solar system installation. Also available is the Arizona state tax credit, which is either \$1,000 or 25 percent of the total solar installation expenses, whichever is lower. Based on the average cost per watt of solar in Arizona, most solar systems in the state qualify for the full \$1,000 credit.

There is also the sales tax exemption when buying solar equipment, solar panels, and inverters. With the sales tax rate in Arizona around 5.6 percent, this exemption allows homeowners to save several hundred dollars. This is automatically deducted at the point of sale. Lastly, there is the property tax exemption, which means that any increase in the value of the property as a result of the installation of a solar system is excluded from the assessed value of the property when computing property tax in Arizona. This is also applied automatically, just like the sales tax exemption.

Started in 2009, Sunstate Power Solar Solutions is a leading provider of solar energy services in the Tucson area. Locally owned and operated by brothers Brent and Trevor Young, the company is committed to provide the best solar solutions for both residential and commercial clients. Brent is the company's solar energy expert who will guide clients through the process of adopting a solar system to decrease energy costs and contribute to environmental protection.

Those who are interested in knowing more about solar systems for residential and commercial buildings in Tucson and surrounding areas can check out the Sunstate Power Solar Solutions website or contact them on

the phone or through email.

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For more information about Sunstate Power Solar Solutions, contact the company here: Sunstate Power Solar Solutions Brent Young (520) 940-3480 contact@sunstatepowersolar.com 7602 N Lundberg Dr, Tucson, AZ 85741

## **Sunstate Power Solar Solutions**

*Sunstate Power Solar: Tucson's trusted solar energy contractor, providing exceptional solar solutions for homeowners in southern Arizona, building a sustainable future together.*

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