Senate Bill 647-Wirth--Renewable Energy Financing District Act: Full Financing of Cash Cost @ 0%

Cost of Residential Solar Photovoltaic System	
Capacity of System (kW) =	3
Cost of System per kW (estimate) =	$9,000
Cost of System, installed =	$27,000
Deduct GRT(Solar GRT Exemption)	-$1,890
Cash Cost =	**$25,110**
Federal Income Tax Credit - 30% = (no maximum)	-$7,533
State Income Tax Credit - 10% = ($9,000 max.; assumes SB 257 signed)	-$2,511
Cash Cost Minus Tax Credits =	**$15,066**

20-year Bond Financing of Cash Cost	
Up-Front Financing Cost (One-time) = (Estimated at 2% of amount financed)	$502
Annual Financing Interest Rate = (Qualified Energy Conservation Bonds)	0%
Annual Administrative Fee = to Munipality or County (estimated)	1%
Annual Payment, incl. Admin. Fee=	**$1,419**

Ann. Savings on Electric Bill from Net Metering	
Capacity of System (kW) =	3
Annual Production, est. (kWh) =	5,100
Residential Rate per kWh =	$0.087
Annual Savings per Year = (assumes that savings are no greater than total bill)	**$444**

Annual Renewable Energy Portfolio Rebate	
Renewable Energy Portfolio Rebate (per kWh) PNM Cust. =	$0.13
Annual Production (kWh) =	5,100
Annual Rebate =	$663
Annual Rebate, after income tax = (est. 29% combined state & fed.)	**$471**
Total Annual Savings: Net Metering plus Rebate =	**$915**

Approximate Net Annual Income (Cost) to Utility Customer**
($504)

**Net Annual Income (Cost) equals Total Annual Utility Savings and Rebate minus Annual Debt Service Assessment. The net income calculation does not include the $10,044 in federal and state tax credits that the customer gains as a result of this financing.

This Act overcomes what has been the major obstacle for investment in renewable energy technology--the high up-front cost--by authorizing a very favorable financing program, which takes maximum advantage of provisions of recent federal and state legislation that provide new incentives for investing in renewable energy technology.

In this example, there is no substantial up-front cost to the utility customer. The customer must make an annual out-of-pocket expenditure of $504 over 20 years ($10,080 total) and in return gains: 1) A $27,000 photovoltaic electric generating system that will provide sufficient electricity to meet all the customer's needs at no additional out-of pocket cost; and 2) Federal and state income tax credits of $10,044, which may free up cash to buy down the annual out-of-pocket cost. The total amount of the tax credits almost equals the total out-of-pocket costs.