

SOLAR FOR COMMERCIAL PROPERTIES

Your Guide to a Smart Investment



namasté
SOLAR

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Why Solar?

Choosing to power your building with on-site solar no longer means paying more for a greener business. Now a mainstream technology, solar is a smart investment that offers compelling economic and environmental benefits. The solar industry is booming, and businesses across the country are taking advantage of the opportunity to capture an attractive return on investment (ROI) and differentiate their property. Don't leave money on the table by thinking solar is a decision that can be left for later.

On-site commercial solar energy offers you the opportunity to reduce your utility costs and replace that expense with an asset. The money that you would usually be paying to the utility company can instead be used to purchase a solar asset that will give you a significant ROI. And because utility electricity rates continue to rise, the value of the energy offset by solar rises over time as well. Your solar savings can provide funding for other core business initiatives or other investments.

In addition to being a money-generating asset, solar provides significant tax benefits that deliver an attractive internal rate of return (IRR). Solar translates to increased property

value and a unique differentiator that can help you stand out in a competitive market. Even owners of triple-net (NNN) properties where tenants pay the electric bills can capture solar energy's generous economic benefits. Known as "energy-aligned" or "green" leases, pass-through clauses help property investors recoup their investment while also offering energy savings to their tenants.

Additionally, whether your company has sustainability goals or your tenant does, solar brings impressive and quantifiable environmental benefits to the table as well. Solar gives you a competitive edge and increase the marketability of your property.

Benefits of Commercial Solar

- ✓ Reduce utility expenses
- ✓ Income-generating asset
- ✓ Stabilize energy costs
- ✓ Tax benefits
- ✓ Increased property value
- ✓ Unique differentiator



Why Now?

After years of record adoption and technological advances, the solar industry has reached a point of maturity with stable pricing for solar panels. At the same time, the numerous incentives that the solar industry has historically enjoyed are declining.

The federal solar tax credit is still in place, and the current depreciation schedule allows you to depreciate the full asset in the first year. These two tax benefits amount to almost 50% of the project cost, which can be recouped in the first year of operation.

However, the tax credit is phasing out – dropping from the current 26% to 22% in 2021 before it drops to a permanent 10% for commercial properties in 2022.

In addition, some utilities offer added incentives. Xcel Energy provides monthly payments for 20 years for commercial properties that have on-site solar.

All of these factors make now the ideal time to go solar.



The Economics of Commercial Solar

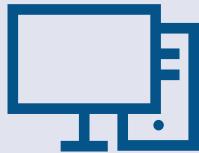


By adding on-site solar to your commercial property, you are offsetting your utility expense while gaining a significant asset. The economics play out differently for each property based on a number of factors, but the following are consistently true:

- The combined federal solar tax credit and depreciation benefits amount to almost 50% of the original investment.
- A typical 150 kW system or larger will see a payback period ranging from six to nine years on average with a double-digit IRR.
- Solar panels come with 25-year production warranties, but solar panel systems often operate well beyond 30 years. This means your system will be making you money long after the payback period.
- Leveraging external financing is a great way to increase your IRR, and sometimes an owner can be back in the black as soon as the tax benefits are realized.
- Colorado Commercial Property Assessed Clean Energy (C-PACE) is a financing tool that offers up to 100% loan to cost, long-term, fixed, non-recourse, non-accelerating funding. This financing is linked to the building via a special assessment on property taxes and is transferable with sale.

Solar doesn't make sense for every property, but for those where it is a fit, it offers a compelling opportunity. To see how the economics would play out for your property - [request a consultation from the non-commissioned experts at Namasté Solar](#).

5 Factors that Determine Your Solar ROI



System Design

A local solar company with in-house design and engineering expertise will maximize your ROI. They will be able to design a solar solution to match your unique needs, can streamline the process, and will know all local code and utility requirements.



Financing

When you own your solar system (with or without financing), you are able to take full advantage of generous tax incentives. C-PACE is one way to purchase solar with no money out of pocket. This financing is a game changer for solar.



Utility Incentives

In 2020, Xcel Energy's Solar Rewards Program is offering 20-year contracts to purchase renewable energy credits (REC) for 3.75 cents per kWh produced, regardless of whether you consume it on site or not. On a 500 kW system, that amounts to REC income payments of over \$27,000 per year.



Tax Incentives

Under current tax laws, the full asset can be depreciated in the first year. Additionally, the federal investment tax credit allows businesses to recoup a significant portion of the project costs. These tax benefits directly reduce the cost of your system within the first year of ownership.



Price vs. Value

While price is of course an integral part of any ROI, IRR, or net present value (NPV) analysis, the price of solar can only be understood in context. A well-designed system that carries with it a higher price often delivers a better ROI than a lower-cost system designed and installed by an inexperienced solar installer. These technologically advanced, complex capital improvements require thoughtful design, detailed engineering, and quality installation. Choose a partner with a proven track record of success who can deliver the best value for your system.

Assessing Commercial Solar Proposals

Each solar proposal comes with different assumptions, equipment, and scopes of work. Below are a few considerations to help you evaluate proposals with tips for how to identify a reliable solar partner.

1 Experience Matters

Take a look at the solar company's project portfolio. What clients have they worked with? Do they have experience with companies or projects similar to your own?

2 Equipment

A quality contractor uses quality equipment. Look for a solar company that only utilizes tier 1 solar panel manufacturers to help ensure the quality of your solar system. Also consider whether or not the solar contractor is tied to a single solar panel vendor or if they have the flexibility to choose the best panels for your specific project needs.

3 Project Scope

Pay close attention to what is and is not included in your proposal. A turnkey solar project will include design, modeling, engineering, permits, installation, roofer coordination on warranty, code-required safety equipment, interconnection and associated applications, procurement, taxes, and quality assurance. Partnering with an installer with all these capabilities will save you money and hassle in the long term.

4 Rigor of Modeling

An in-depth financial analysis begins with robust utility analysis, capacity assessments, and solar energy production modeling. While many of these inputs are easily known - like roof space and historic energy usage - others are informed by years of project experience. When talking to a solar company, ask about how they model projections. Are their projections generally conservative or aggressive? Do they have a reputation for value-engineering systems?

5 Where Are They Based?

Are they a local company with detailed knowledge of local regulations and incentives? You are choosing a partner for your solar project, a two- to three-decade asset. They should be responsive and focused on finding the right solutions for your needs.

6 Utility Escalator

The lifetime value of your commercial solar system will be strongly affected by the future cost of energy from utilities. Each kWh of solar energy your system generates is one less kWh that you buy from the utility company, and as utility costs increase, the value of energy from solar increases. Namasté Solar uses energy cost projections from the Energy Information Administration, a dataset collected in Colorado for the last 17 years.

7 Return on Investment Analysis

Are you comparing apples to apples? A cash deal will never present the same as a financed deal. And more importantly, ROI is merely a snapshot of economic viability. Complex IRR analysis with dozens of variables is needed to properly assess the viability of your solar project, so beware any simple ROI analysis with only 4 or 5 variables.

8 Service and Maintenance

Does the company have dedicated service teams? Are there licensed electricians on staff? Is operations and maintenance included in your contact? Look for a local company who will be a stable, long-term partner for your solar project.

The Process with Namasté Solar



Phase 1: Let's Talk!

Our initial conversation will focus on answering any questions you have about solar and discussing whether or not solar is a good opportunity for your business and your building.

What we need from you at this time: 15 to 30 minutes of your time and your questions or goals.

Phase 2: Indicative Proposal

Your project developer will put together an indicative proposal to show you how much solar you need and what can fit on your property. We'll outline the investment and return for your project and give you a custom design for your property.

What we need from you at this time: Your address and preferably your past 12 months of utility bills to provide a more thorough return analysis.

Phase 3: Site Visit

Our design engineers will come out to your property to confirm the details of your project before we prepare your final commercial solar proposal.

What we need from you at this time: access to your roof and electrical room and allowing us on site for 1-2 hours.

Phase 4: Final, Contractable Proposal

You'll have a firm and final proposal in your hand that has been checked against the real conditions of your property. You'll have what you need for your team to make a decision, and we will be available to answer any and all remaining questions.

What we need from you at this time: We prefer to propose the final solution and economics in person, which can be 1-2 hours.

Phase 5: Construction

We'll handle the permitting, design, engineering, procurement, and installation of your solar project. This construction project can take four months or more from contract to completion. We are typically on site two to six weeks, depending on the project size.

Operations & Maintenance

A little investment goes a long way toward maintaining your solar system and making sure it is operating at peak capacity.

Solar systems require very little maintenance and upkeep over the lifetime of the system, but having an experienced, long-term partner for your solar project will protect your solar investment.

Namasté Solar is one of the only Colorado solar companies with a dedicated Service and Operations & Maintenance (O&M) departments, complete with over a dozen licensed electricians and apprentices. Every one of Namasté Solar's commercial installations comes with two years of O&M services; these include preventative maintenance and active system monitoring.



O&M Q&A

How often should I expect to need maintenance?

A preventive maintenance service visit once a year is needed to maintain inverter warranty. An unscheduled maintenance visit about every two years is typical. Lastly, you can expect system inverters will need replacing between years 10 and 15.

What are the most common maintenance needs?

System outages can occur due to electrical faults within the inverters, DC optimizers, or data acquisition systems and most often are the systems protecting themselves from damage – safety features doing what they are supposed to do. In most cases these issues can be resolved with minimal troubleshooting and a simple system reset. Other times they are resolved through a warranty claim with the equipment manufacturer.

Why Namasté Solar?

Our company's purpose is to transform energy and transform business. We do that by helping others gain the benefits of clean solar energy while operating our business to be a force for good in our communities. As an employee-owned cooperative that is also a Certified B Corporation, we're built differently, but what does that mean for you?

- **Expertise & Longevity:** We've been in business for over 15 years and have installed more than 8,100 solar energy systems. Our expertise shines through in our superior quality and workmanship.
- **Local:** We know the ins and outs of solar in Colorado, from local regulations to local solar incentives. Our team lives here, works here, and is readily available to answer your questions.
- **Vertically Integrated:** We have dedicated technical design, installation, and service teams so you benefit from our wide range of experience throughout the entire project and can trust our self-performed work.
- **Competitive Pricing, Top Value:** We're a member of the Amicus Solar Cooperative, which pools the buying power of 50+ independent solar companies to give you competitive pricing without compromising on value.
- **Culture of Commitment:** From employee-ownership to our Certified B Corporation status, we're built with a culture of commitment to deliver projects on time, on budget, and with superior quality to our customers.
- **No Pressure, No Commission:** We'll help you find the right solution for your business and give you straightforward advice - no sales pitch, and no pressure!

Namasté Solar Project Portfolio



NextEra at IBM Boulder

At 10 MW of capacity, this is the largest solar installation in Boulder County. Namasté Solar designed, engineered, and managed construction for this project.



JAX Ranch & Home

This 320 kW installation is comprised of 867 modules and 4 string inverters. The solar system is expected to cover 100% of their energy usage and produce 472.2 MWh annually.



Auraria Higher Education Center

This 779 kW system is the largest rooftop system in downtown Denver. It will generate roughly 1 million kWh annually for the campus library.



Real Capital Solutions

Namasté Solar constructed carport and rooftop solar arrays at six locations in the Denver metro area for Real Capital Solutions. The projects totaled 2.3 MW.



Mike Ward Infiniti/Maserati

Namasté Solar constructed two solar arrays at the Mike Ward Infiniti and Maserati dealerships. The 138 kW system has an estimated payback period of just 2-3 years.



New Belgium Brewing Company

Namasté Solar installed the 300 kW rooftop system on their bottling plant's 25,000 square-foot rooftop. The system provides up to 13% of the plant's electricity needs.

Namasté Solar Case Studies



Ogilvie Properties, Inc. - Denver, CO

Ogilvie Properties is a commercial real estate investment company that specializes in property value enhancement. Ogilvie Properties selected Namasté Solar to install a 189 kW rooftop solar system on their self-storage building in Denver as part of a larger building performance upgrade. Their solar system increased net operating income by \$28,350 in year one, increasing the building's value by \$405,000. Read the [full case study](#) or watch the [video testimonial](#).



Aurora Organic Dairy - Gill, CO

The two ground-mounted solar systems generate 100% of the electricity needs for the High Ridge farm site and approximately 40% for the High Plains farm site. These systems are projected to provide \$100,000 in utility benefits and \$610,000 in tax benefits in the first year. The lifetime net benefit of the systems will be approximately \$2.88 million. Watch the [video testimonial](#) from Aurora Organic Dairy to hear about their experience with solar.



CEAVCO Audio Visual - Arvada, CO

CEAVCO Audio Visual, a video, audio, and lighting company, used the Colorado C-PACE energy program to invest in a solar system and energy efficiency improvements. They expect to see a 94% reduction in energy usage for the 33,827 square-foot facility, and they are also projecting an increase of \$406,505 in the building's value. [Read more about CEAVCO's experience utilizing C-PACE](#) to install their commercial solar system.





Transforming Energy. Transforming Business.TM

Contact us to see how solar can work for you.

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