

Here are some FAQs regarding the cost of a residential solar system in Montana and how much you can save.

How much does solar cost? The quick answer is not so much if you can answer “yes” to these questions. Do you pay Federal and MT income tax? Answering yes to these questions means you can “purchase” electricity at today’s fixed rate for the next 25 to 30 years with a 30% discount in the form of a federal tax **credit** toward the price of your system. Note that Montana also offers a \$500 tax credit to help defray the cost of a new system.

Can you explain what the “real” cost of a system might be to provide this low cost electricity? An example would be a 5 Kilowatt grid tied solar photovoltaic system having a “sticker” price of \$15,000. The net cost would include cost reductions for the following items; a MT income tax credit of \$500 and a federal tax credit of \$4500. That would leave a “real” cost of \$10,000. (Assumes \$3.00/installed watt, federal tax liability greater than \$4500 over 5 years, MT tax liability greater than \$500, 25 year system life, capacity factor = .14)

Do I have to pay the \$15,000 “sticker” price or the \$10,000 net cost for the example system? The out of pocket amount would be \$15,000. When your MT and federal taxes are filed you will claim the appropriate solar tax **credit** on each return for a refund and thus bring the “real” cost for your system down to \$10,000.

How long will it take me to pay back my money? That depends on what your retail cost of electricity is and how good of a solar site you have. In the example above the solar array would be expected to produce electricity for 6.5 cents per Kw-Hr for greater than 25 years. Not all solar site locations are equal and the price of the most efficient system for a site varies so “your mileage will vary”. If your retail electric rate is higher and/or your solar site is better then the payback would be shorter. It is best to have a **free** site survey of your location because your numbers **will** vary from this example. In MT the amount charged for electricity by the investor owned utilities and co-ops varies considerably thusly affecting the payback.

But what if I don’t have the cash to buy the system? What then?
Sometimes a loan to cover the upfront costs makes sense.

How long is the federal solar tax credit good for? The following table shows what the current law is.

Federal Tax Credit

<u>Tax Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 -</u>
Residential	30%	30%	26%	22%	0%
Commercial	30%	30%	26%	22%	10%