



Solar Gardens a Offer Solar Power Without the Installation

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By GetSolar Staff.

The U.S. has seen a dramatic rise in interest in solar installations across the country, with a record added capacity through the first three quarters of 2011 and similar records projected for the rest of the year, according to the [Solar Energy Industries Association](#).

But many Americans still face difficulty taking advantage of the potential savings and stability offered by solar power because of limited access to solar systems. Now, though, a growing number of new options are available for financing solar installations, some of which can offer people access they might not have had otherwise.



One of the most important developments in the solar industry in recent years was the emergence of two financing options known as solar leasing and power purchase agreements. Both options allow home and business owners to add a [rooftop solar](#) installation with little or no money down up-front. Solar leases require fixed payments, the same as a standard loan, while a power purchase agreement obliges people to buy the electricity generated by a solar system for a fixed rate, sometimes with the option to eventually purchase the panels.

Each of these systems offers a means of long-term income and short-term business for solar installers, and they tap into an important and growing market segment. While [residential solar](#) installations have remains relatively stable, [commercial solar](#) installations have grown dramatically, in large part because of these new options.

But they do not provide access to solar for everyone. Homeowners who either are not allowed to add solar panels or lack good locations for such installations, renters and businesses that do not own their property all would still have no chance to invest in solar through these systems.

However, [Forbes](#) reports that a new type of solar financing has emerged that could provide an answer for this group. So-called solar gardens take the recent idea of group financing for solar projects and condenses it into a single project. Whereas solar leasing offers homeowners the opportunity to own a solar installation at low cost, solar gardens instead offer just the solar electricity.

The solar installer will build a large solar system on otherwise unused public property, potentially making use of undesirable lands such as landfills, and then sells limited shares in the plant panel-by-panel, similar to the way in which some communities have come to support local farms through co-ops.

While traditionally solar panels have helped reduce electricity bills through [net metering](#), in which the power used by a home or business is offset by the power produced by the solar installation, solar farms instead rely on virtual net metering. In this system, the production of the solar farm is divided by the number of shares and the output in a month is divided between members based on the number of shares they hold on the account itself.

"With the traditional solar leasing model, if you approach a typical institutional investor they'll say what happens when Bob the homeowner defaults on his lease, what's the salvage value? And they'll assume zero," Lee Barken, energy and cleantech practice leader at consulting firm Haskell & White, told [Forbes](#). "The elegance of the solar garden approach is that people buy in and pay a share, so if Bob stops paying his subscription, you don't have to go remove his solar panels, you just sell his share to the next person."

The primary limitation of this method of financing at the moment is that not all states' laws allow for it. According to the [Database of State Incentives for Renewables and Efficiency](#), all but seven require net metering up to a certain level, but only Massachusetts and Colorado currently specifically allow virtual net metering, though California is considering making the change.

Other possibilities include the idea of solar-backed securities, which would allow investors to purchase share in solar installations, funding the projects through initial public offerings and offering returns through dividends and stock value, according to [RenewableEnergyWorld.com](#).