

The Solar Real Estate Incentive

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A type of feed-in tariff proposed in Congress could make residential renewable generation even more attractive.

Germany's successful feed-in law has been well reported and now a U.S. congressman wants to bring a version of it to these shores.

Jay Inslee (D.-Wash.) now wants to multiply Germany's achievement in this country. He is motivated by concerns about global warming and the security risks of foreign oil and gas.

Inslee introduced a "renewable energy jobs and security bill" into Congress modeled after German legislation. For perspective, I recently spoke to Jeffrey Michel, an American energy researcher who has lived in Germany for four decades.

Michel told me the proposal would require electric utilities to provide long-term incentive payments at uniform nationwide rates for renewable grid power. The contract time would be fixed at 20 years, just like in Germany.

He told me how Germany already derives 17 percent of its electricity from renewable energy generation. "World leadership has been achieved by providing reliable financial returns to operators," he said.

The 3,800 megawatts of new photovoltaic generation built in Germany in 2009 alone represents nearly twice the entire solar capacity (2,108 megawatts) installed to date in the United States.

The level of support for Inslee's plan is uncertain, but Michel told me how one creative real estate agent in Arizona has found near-term benefits by embracing solar power.

Glendale, Arizona agent Jennifer Del Castillo is reorienting her business toward solar home sales, reasoning that the technology enhances the value of existing real estate.

She recently sold a solar-retrofit home in only 35 days, while conventional offerings languish on Arizona's depressed real estate market. The buyer paid the full asking price in cash for a home with a 6.15-kilowatt rooftop photovoltaic system that had cut electricity costs by more than half.

Arizona has twice as much annual sunshine as Northern Europe, but without continuing payback guarantees, rooftop generation has remained too expensive for most homeowners. But that could change with the help of Inslee's proposal.

In Del Castillo's view, anyone considering selling a home in the next few years should be installing solar panels now. Only then can actual electricity savings be documented to increase point-of-purchase value. A solar retrofit can easily raise a home's asking price by \$10,000 to \$20,000.

The benefits could be even greater as the prices for solar equipment have fallen dramatically. In the meantime, solar adds a new dimension to a home in a sun-drenched state.

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