

SALES PRESENTATION & FINANCING

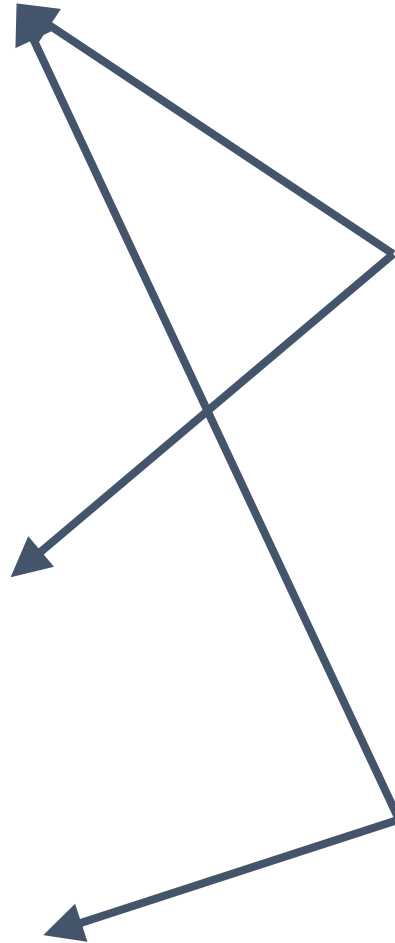
We can now show the cash flow

Year	Annual Bill No Solar	Annual Bill With Solar	Electric Bill Savings	Net Incentives	System Upkeep	Cash Flow	Cumulative Cash Flow
0						(\$48,220)	(\$48,220)
1	\$3,465	\$159	\$3,306	\$14,466	(\$239)	\$17,533	(\$30,687)
2	\$3,534	\$179	\$3,355		(\$246)	\$3,109	(\$27,578)
3	\$3,605	\$199	\$3,405		(\$253)	\$3,152	(\$24,426)
4	\$3,677	\$221	\$3,457		(\$261)	\$3,196	(\$21,230)
5	\$3,751	\$242	\$3,508		(\$269)	\$3,240	(\$17,991)
6	\$3,826	\$265	\$3,561		(\$277)	\$3,284	(\$14,707)
7	\$3,902	\$288	\$3,614		(\$285)	\$3,329	(\$11,377)
8	\$3,980	\$312	\$3,669		(\$294)	\$3,375	(\$8,002)
9	\$4,060	\$336	\$3,724		(\$303)	\$3,421	(\$4,581)
10	\$4,141	\$361	\$3,780		(\$312)	\$3,468	(\$1,113)
11	\$4,224	\$388	\$3,836		(\$321)	\$3,515	\$2,402
12	\$4,308	\$414	\$3,894		(\$331)	\$3,563	\$5,965
23	\$5,357	\$770	\$4,587		(\$458)	\$4,129	\$45,466
24	\$5,464	\$808	\$4,655		(\$471)	\$4,184	\$49,651
25	\$5,573	\$848	\$4,725		(\$485)	\$4,240	\$53,890
Total	\$110,984	\$11,609	\$99,375	\$14,466	(\$11,730)	\$53,890	\$53,890

Using the cash flow to make a decision

**THE
MOMENT
— OF —
TRUTH**

Year	Cumulative Cash Flow
0	(\$48,220)
1	(\$30,687)
2	(\$27,578)
3	(\$24,426)
4	(\$21,230)
5	(\$17,991)
6	(\$14,707)
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9	(\$4,581)
10	(\$1,113)
11	\$2,402
12	\$5,965
23	\$45,466
24	\$49,651
25	\$53,890
Total	\$53,890



10 years

18% return



Financially literacy

America has a major financial literacy problem.

Two-thirds of American adults can't pass a basic financial literacy test.

— Madeline Farber via Forbes



How is the resident financially motivated?

Save money now?



more dining out?



more traveling?

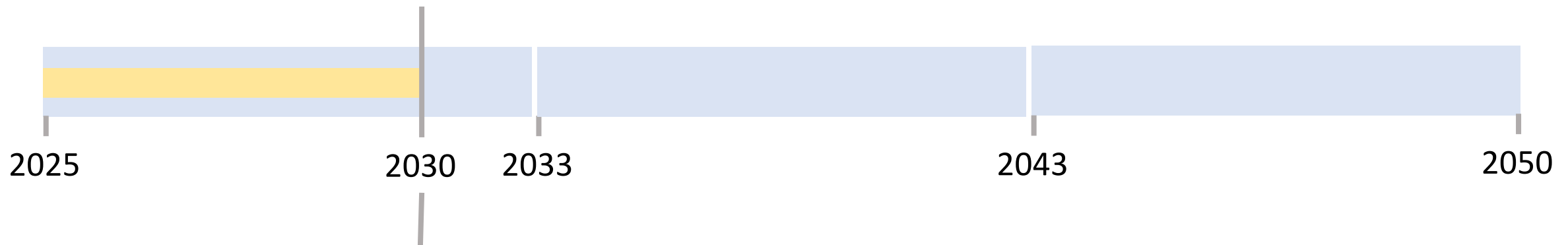


Motivation: save money

Focus on the short-to-medium term (under 10 years).

Consider featuring a loan option.

This is more of a consumer perspective.





How is the resident financially motivated?

Invest in her future?

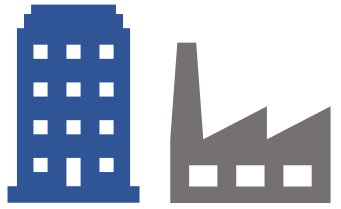


Get financially independent?



Retire early?

How is the business financially motivated?



Reduce operating costs asap?

...While not adding liabilities to their balance sheet?

Lease

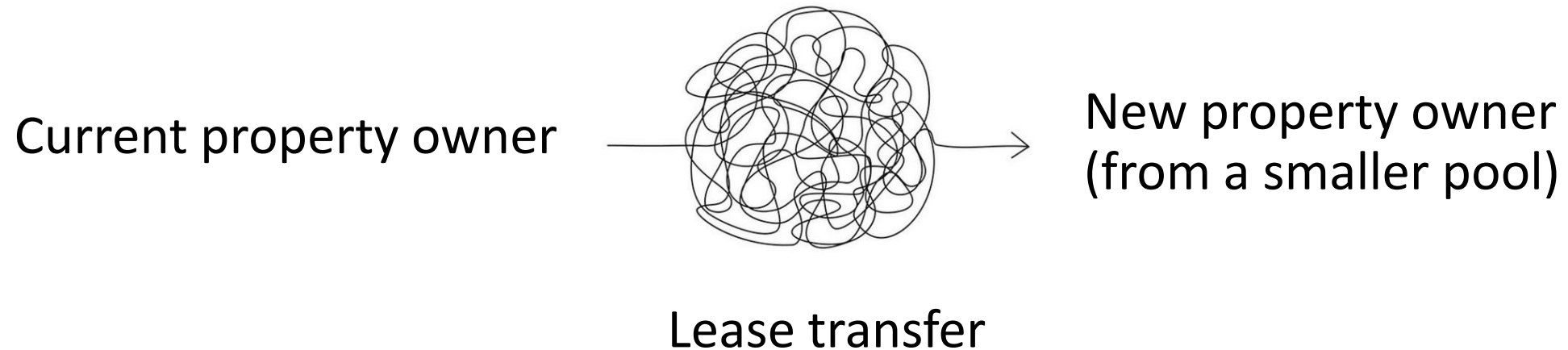
A third party (a “lessor”) owns the system, and gets the tax benefits.

The host customer makes fixed payments for a period of time (e.g. 20 years).

A lease is compelling when the host customer has no foreseeable tax liability.

Lease concerns

What if the host customer decides to move during the lease term?



Also, of course, the lessor is taking a large portion of the utility bill savings.

Power Purchase Agreement (PPA)




Like a lease, the system is owned by a third party.

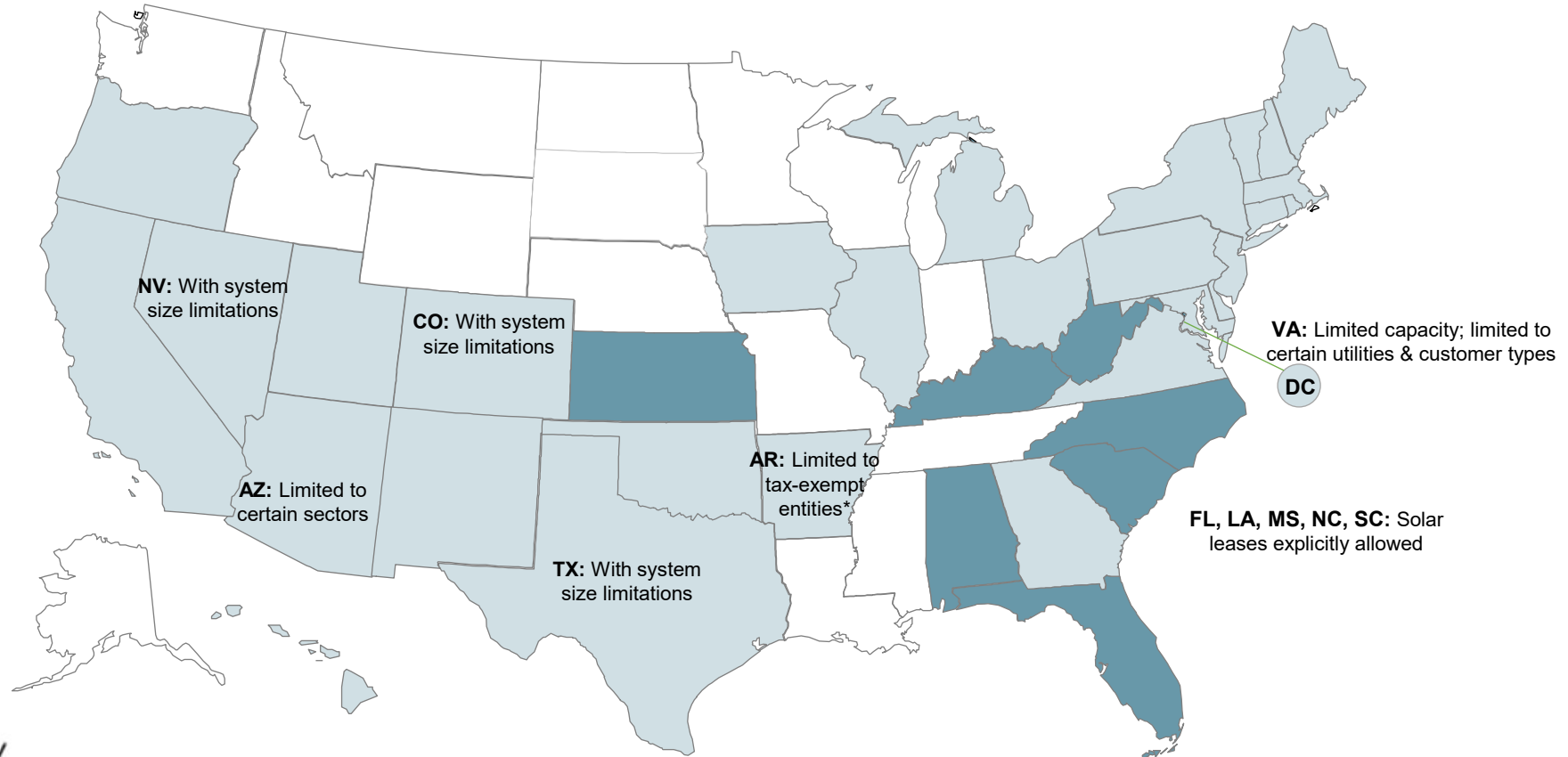
The host customer pays the PPA provider for each PV kWh generated.

PPAs are illegal in some states.

...Where only regulated “utilities” can sell electricity.

PPAs across the U.S.

-  Authorized by state or otherwise currently in use, at least in certain jurisdictions
-  Apparently disallowed by state or otherwise restricted by legal barriers
-  Status unclear or unknown



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TECHNOLOGY CENTER

Map: [DSIRE](#) (modified by Mike), 2023

Bank financing

The host customer borrows money from a bank to buy the system.

The host customer gets the tax benefits.

Conventional bank financing

1. Secured loan

The loan is backed by a financial asset.

If commercial or home-equity secured, loan interest is deductible.

2. Unsecured loan

The loan isn't backed by a financial asset.

3. Line of credit

Can pay anything above the monthly minimum.

Can make additional payments anytime.



Conventional bank financing

Watch out for prepayment penalties.

Tax-credit aware loans

...From a PV+ loan provider.

The tax-credit value is sent to the loan provider within ~18 months (penalty if not).

Anticipating the tax-credit value, the monthly payment is lower from the start.

Some of these loans also cover energy-efficiency upgrades.

Property Assessed Clean Energy (PACE)

Local governments provide financing for energy efficiency and solar projects.

The loan is repaid through property-tax assessments.

The loan is attached to the property — not the property owner.



Hi, I'm Harry the house.
I'm in debt.

PACE and shady selling

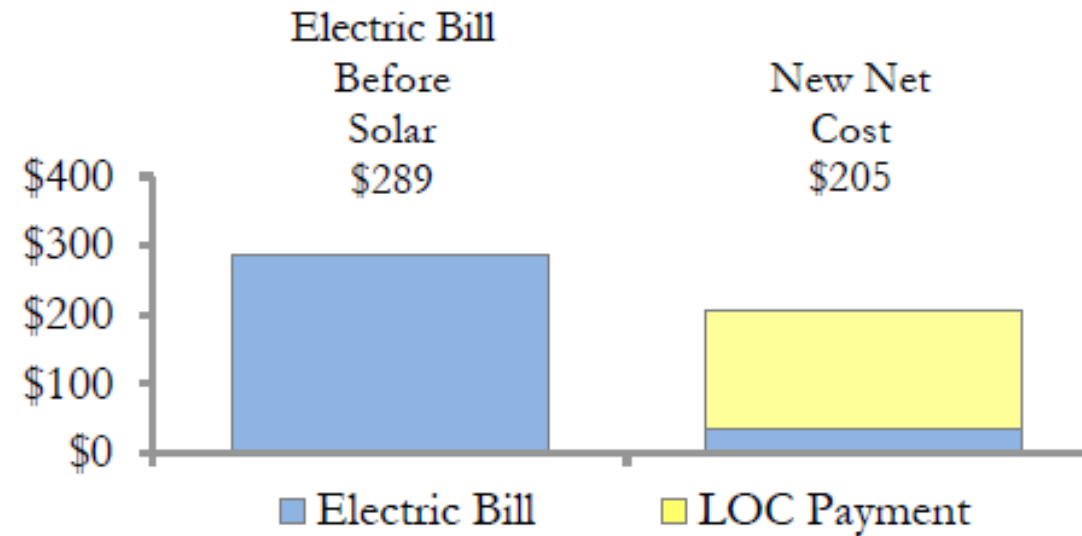
FICO credit checks typically aren't required.

PACE origination fees can be excessive (see the fine print).

Property-tax payment increases can be higher than indicated.

Cash-flow positive from day one?

...In some situations.



If yes and the modeling seems legit... go for it?!

Motivated by the islanding capability?

What would the prospect pay every month for that piece of mind?

If she isn't cash positive without it... add it to the cash flow?

Close the deal here?

Maybe don't unnecessarily complicate the sale.

	Upfront	1 Year	7 Years	13 Years	20 Years	25 Years
Cumulative Savings		\$3,306	\$24,207	\$47,061	\$76,436	\$99,375
Cumulative Cost	\$0	(\$2,297)	(\$18,762)	(\$36,687)	(\$63,346)	(\$65,636)
Net Savings		\$1,008	\$5,444	\$10,374	\$13,090	\$33,739



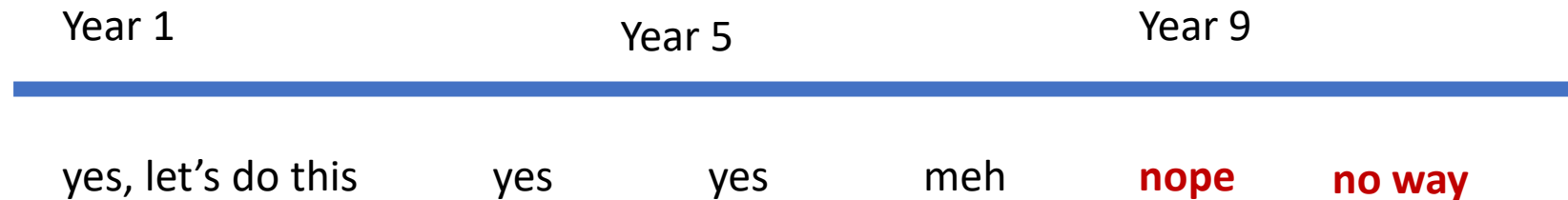
We could pay cash... should we pay cash?



Years to payback

How many years until the system pays for itself?

Is the payback year in the prospect's time window?



SPSs are a long-term investment



The stock market is a device to transfer money from the impatient to the patient.

— Warren Buffet

Is this the best use of cash (or lower-interest credit)?

Does the prospect have other higher-return or safer investment options?



fine art

land

classic cars

stock market

domain names

tiny house

ADU

books

If yes, build rapport and support a fast decision by meeting her at her level.

She'll probably be thinking about portfolio diversification too.

Property resale value increase

A rational approach...



For sale: \$400,000



For sale: \$420,000

Solar house: [Pacific Sun Tech](#)



“That’s all Folks!”

Mike Bishop

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