Washington Solar
COST BREAKDOWN
WASHINGTON SOLAR COST BREAKDOWN

When it comes to solar, last year’s facts are this year’s fiction. The solar industry changes at a rapid pace, leaving prospective solar buyers reading old news when trying to make a decision. This can often get in the way of homeowners making well-informed choices about their solar energy needs.

Despite the cloudy weather, solar power is increasingly becoming more popular with homeowners in the Pacific Northwest. These homeowners are becoming more environmentally friendly while saving money on their utility bills, locking in their electricity rates, and increasing their property values.

To ensure you get the best possible solar education, we’re going to look at the primary reasons to switch to solar in Washington, and break down the average cost of a standard solar system after incentives.

THE COST OF ELECTRICITY HAS INCREASED BY 20%

In Washington, the average cost of a single kilowatt hour of power is about 9.6 cents. In 2010, the average cost of a single kilowatt hour of power was about 8 cents. Retail electricity rates have risen across the state by 20% over the last 10 years. The trend of utility companies continuing to raise electricity rates is unlikely to change in the near future.

THE COST OF SOLAR HAS DROPPED BY MORE THAN 55%

An averaged-sized residential system has dropped from a pre-incentive price of $40,000 in 2010 to about $18,000 today. This is one of the primary reasons why more and more Washingtonians are choosing to go solar.

SOLAR BOOSTS PROPERTY RESALE VALUE

Solar panels don’t just reduce your energy costs and help the environment; they also increase your property value. According to Zillow, homes with solar sold for nearly 3% more than comparable homes without. That means an average home with solar across the United States sold for an additional $9,274.

Zillow’s findings reflect similar studies published by the Lawrence Berkeley National Renewable Energy Laboratory, which drew on a sample of 23,000 homes across the country.
Understanding Property Resale Value
Your property value will increase by an average of 3% the moment you go solar. For instance, if your property value was $400,000 before installing solar, it will be worth $412,000 after installing it.

WHAT ABOUT CLOUDS?
Germany leads the world in solar power production, yet it's slightly cloudier than Seattle, Washington is on an annual basis. Much like Germany, Washington benefits from long summer days with mild temperatures — ideal conditions for maximum solar production. This helps balance out lower production in the cloudy winter months.

When you go solar, you take advantage of Net Energy Metering. During the summer months, your solar system will produce more energy than you consume. The excess energy will be sent back into the grid. Think of it as a sort of “energy storage bank.” During cloudy months, when your solar isn’t producing as much energy as you’re consuming, Net Energy Metering will automatically distribute the excess energy you stored away over the summer.

SOLAR INCENTIVES
Washington State Solar Tax Exemption
As of July 1st, 2019, all solar systems smaller than 100 kilowatts are exempt from state and local use tax. This tax exemption helps Washingtonians save thousands when installing solar panels on their property. For a standard-sized solar system, this will save Washington property owners $1,500+ on the overall cost of going solar.

Federal Solar Investment Tax Incentive (ITC)
The federal government incentivizes you to purchase solar by reducing the barriers to entry. This incentive lowers your federal tax obligations on a dollar-to-dollar basis, through a cash rebate. There is no ceiling on the tax credit. The Federal Solar Investment Tax Incentive is worth 26% of the total purchase price of your solar system, regardless of the system size or cost.

HOW TO BREAK DOWN A SOLAR PURCHASE
The overall cost for solar panels in Washington range between $3,000 and $4,000 per kilowatt. When it comes to your specific solar price, the size of your solar system and your property’s unique installation conditions will be the determining factors. While installation costs can vary, the average installed cost of solar in Washington is $3,300 per kilowatt. The average size of a solar system in Washington is about 5 kilowatts, and the average sales tax rate in Washington is 8.6%.

Average Pre-Incentive System Cost In Washington
Average System Size in Washington:
5 Kilowatts
Average System Cost Per Kilowatt:
$3,300
Average Sales Tax in Washington:
8.6%

5 Kilowatts
x $3,300 per Kilowatt
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$16,500 (Pre-Tax Cost)

$16,500 Pre-Tax Cost
x .086 Sales Tax Rate
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$1,419 (Sales Tax)

$16,500 Pre-Tax Cost
+ $1,419 Sales Tax
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$17,919 (Average Pre-Incentive Solar System)

Calculating Average Washington Solar Incentives
Using the average pre-incentive system cost of $17,919, let’s calculate how Washington and federal cash incentives will further reduce the cost.
Washington State Solar Tax Exemption
- The State of Washington will waive all of your sales tax.
- Average Solar Sales Tax Exemption in Washington: $1,419

Federal Solar Investment Tax Incentive (ITC)
The federal government will provide a cash incentive of 26% of your total system cost.

### Calculating The Average Cost Of Solar In Washington
- Average Pre-Incentive System Cost In Washington: $17,919
- Average Solar Sales Tax Exemption in Washington: $1,419
- Average Federal Government Incentive in Washington: $4,290

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\text{Average Pre-Incentive Cost} - (\text{Average Federal Government Incentive} + \text{Average Solar Sales Tax Exemption}) = \text{Average Post-Incentive System Cost}
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$17,919 - (\$4,290 + \$1,419) = \$12,210
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