



# CONSIDERING SOLAR PANELS?

A HELPFUL GUIDE FOR HOMEOWNERS



An **AEP** Company

BOUNDLESS ENERGY®



## ***Considering Solar Panels?***

*Solar panels are an option for customers looking for ways to reduce their environmental footprint and potentially the amount they pay for electric service. There are many factors that will determine if they might make sense for you. Here are some things worth considering if you've been thinking about installing solar panels on your home.*

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## **ENERGY INDEPENDENCE & RELIABILITY**

**Going solar doesn't necessarily mean going "off the grid"** — Typically, solar panels are a supplement to your electric service with Kentucky Power, and your solar panel system cannot operate independently of the electric grid unless it's specifically designed to provide back-up power. Here are the facts related to residential solar panels, the electric grid and reliability:



When there's limited or no sunlight, you'll need to be connected to the electric grid to power your home.



Most solar panels automatically shut off during power outages for safety reasons, so during a daytime service interruption, solar panels may not power your home.



Staying connected to the electric grid is necessary if you want to be compensated for the excess energy your solar panels generate that your home doesn't immediately use. Keep in mind that the compensation rate is subject to change.

## BUYING SOLAR

**What to know before installing** — When you purchase a solar panel system, you pay up front to install the panels. You may be able to take advantage of state and federal tax credits, but you're also responsible for maintenance and repairs. Here are a few questions to consider when thinking about buying a solar panel system:



Is your roof ready for solar panels? Before you install, have a professional take a look at your roof to assess its condition. They can tell you if your roof is sound and evaluate the condition of your shingles. If you decide to buy a solar panel system and later need roof repairs or replacement, professional removal of the panels may be necessary, adding to your cost.



Are you planning on selling your house in the next few years? Solar panels can be an attractive feature for a buyer – or a negative. If you decide you want to take your system when moving, you'll need to hire a professional to remove and reinstall the panels on your new home.



How will installing a system impact your home insurance costs and coverage? Check your homeowner's insurance policy to see if it covers possible damage related to solar panels. You may want to ask your agent if having solar panels will change your premium.

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## LEASING SOLAR

**How does it work?** — Buying a solar panel system can be expensive, and one way that homeowners are told they can avoid hefty upfront costs is by leasing the system. When you lease a solar panel system, you're able to use the power it produces, but a third party owns the system equipment. You then pay the company to lease the equipment. Leasing requires lower up-front costs, and in some contracts you may not be financially responsible for maintenance or repairs. But there are other factors to consider when looking into leasing a system:



If you decide to lease, you won't be eligible to receive tax credits because you don't own the solar panel system.



If you sell your property before the lease term expires, you'll need to think about how to handle the system and review your lease requirements. Your options may include: paying for the system to be installed at your new home; leaving the system on your home and negotiating with the buyer to take over the lease (which requires good credit on the buyer's part); or paying off the remainder of the lease.



Leases can last 20 years or more, and some contain payments that escalate over time.



There may be a lien placed on your solar panel system, which can pose a challenge when you want to refinance or sell your property. In addition, the leasing company you sign your original agreement with may sell that lease to another third party, so you will want to find out how you can keep track of who actually owns the panels installed on your roof.



The leasing company doesn't always install the system, so you also may need to find a reputable installer.



Be sure to look closely at your installer's warranty and note how long they cover their work.



As with buying panels, you should have a professional inspect your roof to ensure it can support the equipment. You'll also want to check with your homeowner's insurance policy to see if it covers damage related to solar panels.

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## SAVINGS

**What's the bottom line?** — There are several variables that determine how much you might save by installing solar panels:



Weather conditions, the energy efficiency of your home, lifestyle and energy use, how much energy your panels produce, future changes to electricity rates, and compensation for energy placed back onto the electric grid are a few factors that make it difficult to calculate actual savings over time.



As a Kentucky Power customer, you'll still receive a monthly bill from us. The charges on the bill include your cost to use the electric grid and the cost for any electricity you consumed during the month that your solar panel system couldn't produce to meet your needs.



Remember you may have a solar lease or loan payment to take into account.



Like any other major financial transaction, you will want to make sure you understand all the details before you sign a contract.



The quotes provided by solar power companies often assume electric rates will increase significantly every year. However, the average escalation of Kentucky Power rates over the last 20 years was 1.8%.



To learn more about Kentucky Power and residential solar, along with our commitment to clean energy, visit [kentuckypower.com/solar](https://kentuckypower.com/solar).



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