

Solarize Greater Philadelphia Financing Guide

There are many financing options to facilitate going solar - cash, loans, lease, or Power Purchase Agreements (PPAs). All Solarize Greater Philadelphia Installers offer at least one Loan and one Lease/PPA option. Factors such as interest rates, dealer fees, and escalators vary and may depend on your credit and income. We recommend you watch [this summary video](#) from the Clean Energy States Alliance and then explore our website for more information.

The following pages define the common elements to consider and provide example payment schedules for a few scenarios to illustrate their differences. Your installer will provide a quote customized to your home and can explore the different options with you. This document is for general information only and is not intended to be used as financial advice.

Your proposal will estimate how much your system will offset your electricity. While most solar systems will save you money over their lifetime, there is no guarantee that solar will pay for itself, as many factors can impact performance.¹ Please review our [Solarize Customer Guide](#) for more information.

Ownership

You can own your solar system by using cash or a loan. You can use one of the solar-specific loan products offered by our installer partners, or you can secure your own financing, such as a home equity loan or home equity line of credit.

Through the ownership model, you will benefit from the Solar Renewable Energy Certificates (SRECs) generated by your solar PV system. The value of SRECs varies depending on market conditions but has generally fallen between \$25 and \$35 for each megawatt-hour (MWh) of electricity produced in PA.² A 5 kW system may produce around 4-6 SRECs per year. Your proposal must disclose the dollar amount your installer is using for the SREC calculation.

Due to policy changes, the federal tax credit for homeowner-owned solar systems ended on 12/31/2025. Any solar systems that are “placed in service” (interconnected to the grid) in 2026 or later will no longer be eligible for this incentive, which had offset up to 30% of total project costs for homeowners.

Interest rates and dealer fees

Your interest rate may vary depending on your individual credit and income situation.

Some installers offer financing options that include “dealer fees,” which increase the loan amount above the cash price in exchange for a lower interest rate and monthly payment - similar to mortgage points.

¹ To prevent installers from overestimating savings, Solarize Installers may not assume that PECO rates will rise more than 3% in their proposals. Rate increases over time have varied and are generally higher than 3%, but we require a conservative estimate here.

² <https://www.srectrade.com/markets/rps/srec/pennsylvania>

Solarize Installers may not offer products with a dealer fee greater than 30%, and are required to disclose the cash price of the system and any dealer fees separately.

Products with a dealer fee may make sense for you if you are interested in a lower monthly payment over time and do not intend to pay the loan off early or refinance. As a general suggestion, if you intend to pay the loan off early (usually within <10 years) or plan to refinance, dealer fees may not make sense for you.

Solarize installers are prohibited from offering loans with pre-payment penalties. You should be able to prepay all or a portion of your loan at any time without being charged a fee.

We recommend considering both the lifetime cost and the monthly payment when reviewing your options and deciding based on what is best for your financial situation and motives for going solar.

Other considerations

- Installers cannot present a loan option that is greater than the maximum term that panels are warranted for (usually 25 years).
- Monthly loan payments usually stay the same over time, unlike lease or PPA payments, which usually increase each year (discussed below).
- Some products may not result in savings right away, but should result in savings over time.
- Make sure you receive the truth-in-lending disclosure from your financing provider.

Examples

The assumptions and prices used in these examples are used only to show monthly and total lifetime costs, and are not illustrative of prices you may pay or specific products on the market. The examples below assume a 9 kW solar system with a cash price of \$21,600 that generates 9,900 kWh of electricity in the first year, offsetting 82.50% of the home's electric usage. The usage not covered by solar will be billed by your utility as normal.

Year	Pre-Solar Utility Bill		Post-Solar Utility Bill		Loan Option 1 Interest rate: 8.99, dealer fee: 0%				Loan Option 2 Interest rate: 5.99, dealer fee: 18%				Loan Option 3 Interest rate: 3.99, dealer fee: 36%			
	Monthly Bill	Annual Bill	Monthly Bill	Annual Bill	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings
1	\$210	\$2,520	\$45	\$540	\$219	\$2,626	-\$54	-\$646	\$198	\$2,379	-\$33	-\$399	\$187	\$2,246	-\$22	-\$266
2	\$216	\$2,596	\$46	\$556	\$219	\$2,626	-\$49	-\$587	\$198	\$2,379	-\$28	-\$340	\$187	\$2,246	-\$17	-\$207
3	\$223	\$2,673	\$48	\$573	\$219	\$2,626	-\$44	-\$526	\$198	\$2,379	-\$23	-\$278	\$187	\$2,246	-\$12	-\$145
4	\$229	\$2,754	\$49	\$590	\$219	\$2,626	-\$39	-\$463	\$198	\$2,379	-\$18	-\$215	\$187	\$2,246	-\$7	-\$82
5	\$236	\$2,836	\$51	\$608	\$219	\$2,626	-\$33	-\$398	\$198	\$2,379	-\$13	-\$150	\$187	\$2,246	-\$1	-\$17
6	\$243	\$2,921	\$52	\$626	\$219	\$2,626	-\$28	-\$331	\$198	\$2,379	-\$7	-\$84	\$187	\$2,246	\$4	\$49
7	\$251	\$3,009	\$54	\$645	\$219	\$2,626	-\$22	-\$262	\$198	\$2,379	-\$1	-\$15	\$187	\$2,246	\$10	\$118
8	\$258	\$3,099	\$55	\$664	\$219	\$2,626	-\$16	-\$191	\$198	\$2,379	\$5	\$56	\$187	\$2,246	\$16	\$189
9	\$266	\$3,192	\$57	\$684	\$219	\$2,626	-\$10	-\$118	\$198	\$2,379	\$11	\$129	\$187	\$2,246	\$22	\$262
10	\$274	\$3,288	\$59	\$705	\$219	\$2,626	-\$4	-\$43	\$198	\$2,379	\$17	\$205	\$187	\$2,246	\$28	\$337
11	\$282	\$3,387	\$60	\$726	\$219	\$2,626	\$3	\$35	\$198	\$2,379	\$24	\$282	\$187	\$2,246	\$35	\$415
12	\$291	\$3,488	\$62	\$747	\$219	\$2,626	\$10	\$115	\$198	\$2,379	\$30	\$362	\$187	\$2,246	\$41	\$495
13	\$299	\$3,593	\$64	\$770	\$219	\$2,626	\$16	\$197	\$198	\$2,379	\$37	\$444	\$187	\$2,246	\$48	\$577
14	\$308	\$3,701	\$66	\$793	\$219	\$2,626	\$23	\$281	\$198	\$2,379	\$44	\$529	\$187	\$2,246	\$55	\$662
15	\$318	\$3,812	\$68	\$817	\$219	\$2,626	\$31	\$369	\$198	\$2,379	\$51	\$616	\$187	\$2,246	\$62	\$749
16	\$327	\$3,926	\$70	\$841	\$219	\$2,626	\$38	\$459	\$198	\$2,379	\$59	\$706	\$187	\$2,246	\$70	\$839
17	\$337	\$4,044	\$72	\$867	\$219	\$2,626	\$46	\$551	\$198	\$2,379	\$67	\$798	\$187	\$2,246	\$78	\$931

18	\$347	\$4,165	\$74	\$893	\$219	\$2,626	\$54	\$646	\$198	\$2,379	\$74	\$894	\$187	\$2,246	\$86	\$1,027
19	\$358	\$4,290	\$77	\$919	\$219	\$2,626	\$62	\$745	\$198	\$2,379	\$83	\$992	\$187	\$2,246	\$94	\$1,125
20	\$368	\$4,419	\$79	\$947	\$219	\$2,626	\$70	\$846	\$198	\$2,379	\$91	\$1,093	\$187	\$2,246	\$102	\$1,226
21	\$379	\$4,551	\$81	\$975	\$219	\$2,626	\$79	\$950	\$198	\$2,379	\$100	\$1,197	\$187	\$2,246	\$111	\$1,330
22	\$391	\$4,688	\$84	\$1,005	\$219	\$2,626	\$88	\$1,057	\$198	\$2,379	\$109	\$1,304	\$187	\$2,246	\$120	\$1,437
23	\$402	\$4,829	\$86	\$1,035	\$219	\$2,626	\$97	\$1,168	\$198	\$2,379	\$118	\$1,415	\$187	\$2,246	\$129	\$1,548
24	\$414	\$4,973	\$89	\$1,066	\$219	\$2,626	\$107	\$1,281	\$198	\$2,379	\$127	\$1,529	\$187	\$2,246	\$138	\$1,662
25	\$427	\$5,123	\$91	\$1,098	\$219	\$2,626	\$117	\$1,399	\$198	\$2,379	\$137	\$1,646	\$187	\$2,246	\$148	\$1,779
Total Lifetime (25-year) Cost		\$91,877		\$19,688		\$65,655								\$56,150		
Lifetime (25-year) Savings								\$6,534				\$12,716				\$16,040

Lease or Power Purchase Agreement

Our installer partners offer lease or PPA options - also known as “third-party ownership” or TPO options - that can help you go solar at \$0 upfront cost. The lease or PPA provider will own and maintain the solar panels, and you will benefit from savings by purchasing clean energy generated by the solar PV system. The lease or PPA provider will retain the federal Investment Tax Credit and SRECs.

A PPA is a financial arrangement where a homeowner agrees to purchase electricity generated by a solar panel system installed on their property at a specific per kWh price. The system is owned and maintained by a third-party company for a fixed period, typically 15-25 years. PPAs can be structured with variable or “levelized” (fixed) monthly payments.

With a variable PPA, each month you will be charged for the electricity generated by your solar system. Because the amount of electricity generated by your panels varies throughout the year - usually producing more in the summer and less in the winter - your monthly PPA bill will fluctuate, just like your normal electric bill.

With a levelized PPA, your PPA provider will estimate the total amount of electricity your system will generate in a year, multiply it by the kWh rate in your contract, and divide it by 12 to provide you with equivalent monthly payments. The PPA provider will compare actual generation to estimated generation at regular intervals - usually every 1-3 years - and at this check-in you may receive a discount if your system did not generate the estimated amount of power, or may need to make an additional payment if your system generated more than expected.

With a lease, instead of purchasing electricity, the homeowner pays a fixed monthly fee for use of the solar panels and the electricity they generate. Leases include production guarantees - usually between 80-90% of the estimate - and the provider will check at regular intervals to see if your system produces

Payment schedule

For projects owned by third parties through leases or PPAs, all financing products must require that no payment is due until the project has received Permission to Operate from the utility.

Rates and escalators

Escalators: Unlike loans, most leases and PPAs include an annual escalator, meaning your electricity price or monthly payment will increase by a set percentage every year to account for inflation. In any given year, this escalator may be greater or lower than the increase in your utility’s electric rate. The Solarize program prohibits escalators over 2.99%.

Other considerations

- All products should result in savings in year 1. Savings over time will vary depending on how much lower the escalator is compared to the actual percentage increase of electricity prices.

- All products must include production guarantees. Production guarantees tend to range between 80-90% of the estimated production; if production is below the minimum guarantee, your provider must compensate you through a credit or discounts.
 - Note that companies check their production guarantees on a regular schedule, usually every 1-3 years, often called a “true-up” period. This means if your system goes temporarily offline, such as a maintenance issue that reduces production for several weeks, you will usually *not* receive an immediate reduction in your bill. Instead, if during the “true-up” your cumulative production over the time period was less than the guarantee, you will receive a discount or credit at that time. If, however, your system still generates enough electricity when working to stay above the 80-90% guarantee threshold, you will not receive compensation. Please read your contract carefully to determine how the production guarantee works.

Examples

The assumptions and prices used in these examples are used only to show monthly and total lifetime costs, and are not illustrative of prices you may pay or specific products on the market. The examples below assume a 9 kW solar system that generates 9,900 kWh of electricity in the first year, offsetting 82.50% of the home's electric usage. The usage not covered by solar will be billed by your utility as normal.

Year	Pre-Solar Utility Bill		Post-Solar Utility Bill		PPA Option 1 Year 1 kWh rate: \$0.19/kWh, escalator: 0%				PPA Option 2 Year 1 kWh rate: \$0.16/kWh, escalator: 2.9%				Lease Year 1 monthly payment: \$110/kWh, escalator: 2.0%			
	Monthly Bill	Annual Bill	Monthly Bill	Annual Bill	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings	Monthly Payment	Annual Payment	Monthly Savings	Annual Savings
1	\$210	\$2,520	\$45	\$540	\$157	\$1,881	\$8	\$99	\$140	\$1,683	\$25	\$297	\$110	\$1,320	\$55	\$660
2	\$216	\$2,596	\$46	\$556	\$157	\$1,881	\$13	\$158	\$144	\$1,725	\$26	\$315	\$112	\$1,346	\$58	\$693
3	\$223	\$2,673	\$48	\$573	\$157	\$1,881	\$18	\$220	\$147	\$1,767	\$28	\$333	\$114	\$1,373	\$61	\$727
4	\$229	\$2,754	\$49	\$590	\$157	\$1,881	\$24	\$283	\$151	\$1,811	\$29	\$353	\$117	\$1,401	\$64	\$763
5	\$236	\$2,836	\$51	\$608	\$157	\$1,881	\$29	\$348	\$155	\$1,856	\$31	\$373	\$119	\$1,429	\$67	\$800
6	\$243	\$2,921	\$52	\$626	\$157	\$1,881	\$35	\$414	\$158	\$1,902	\$33	\$394	\$121	\$1,457	\$70	\$838
7	\$251	\$3,009	\$54	\$645	\$157	\$1,881	\$40	\$483	\$162	\$1,949	\$35	\$415	\$124	\$1,487	\$73	\$878
8	\$258	\$3,099	\$55	\$664	\$157	\$1,881	\$46	\$554	\$166	\$1,997	\$36	\$438	\$126	\$1,516	\$77	\$919
9	\$266	\$3,192	\$57	\$684	\$157	\$1,881	\$52	\$627	\$171	\$2,047	\$38	\$462	\$129	\$1,547	\$80	\$962
10	\$274	\$3,288	\$59	\$705	\$157	\$1,881	\$59	\$702	\$175	\$2,097	\$41	\$486	\$131	\$1,578	\$84	\$1,006
11	\$282	\$3,387	\$60	\$726	\$157	\$1,881	\$65	\$780	\$179	\$2,149	\$43	\$512	\$134	\$1,609	\$88	\$1,052
12	\$291	\$3,488	\$62	\$747	\$157	\$1,881	\$72	\$860	\$184	\$2,202	\$45	\$538	\$137	\$1,641	\$92	\$1,100
13	\$299	\$3,593	\$64	\$770	\$157	\$1,881	\$79	\$942	\$188	\$2,257	\$47	\$566	\$140	\$1,674	\$96	\$1,149
14	\$308	\$3,701	\$66	\$793	\$157	\$1,881	\$86	\$1,027	\$193	\$2,313	\$50	\$595	\$142	\$1,708	\$100	\$1,200
15	\$318	\$3,812	\$68	\$817	\$157	\$1,881	\$93	\$1,114	\$197	\$2,370	\$52	\$625	\$145	\$1,742	\$104	\$1,253
16	\$327	\$3,926	\$70	\$841	\$157	\$1,881	\$100	\$1,204	\$202	\$2,429	\$55	\$656	\$148	\$1,777	\$109	\$1,308
17	\$337	\$4,044	\$72	\$867	\$157	\$1,881	\$108	\$1,296	\$207	\$2,489	\$57	\$689	\$151	\$1,812	\$114	\$1,365

18	\$347	\$4,165	\$74	\$893	\$157	\$1,881	\$116	\$1,392	\$213	\$2,550	\$60	\$722	\$154	\$1,848	\$119	\$1,424
19	\$358	\$4,290	\$77	\$919	\$157	\$1,881	\$124	\$1,490	\$218	\$2,613	\$63	\$757	\$157	\$1,885	\$124	\$1,486
20	\$368	\$4,419	\$79	\$947	\$157	\$1,881	\$133	\$1,591	\$223	\$2,678	\$66	\$794	\$160	\$1,923	\$129	\$1,549
21	\$379	\$4,551	\$81	\$975	\$157	\$1,881	\$141	\$1,695	\$229	\$2,744	\$69	\$832	\$163	\$1,961	\$135	\$1,615
22	\$391	\$4,688	\$84	\$1,005	\$157	\$1,881	\$150	\$1,802	\$234	\$2,812	\$73	\$871	\$167	\$2,001	\$140	\$1,683
23	\$402	\$4,829	\$86	\$1,035	\$157	\$1,881	\$159	\$1,913	\$240	\$2,882	\$76	\$912	\$170	\$2,041	\$146	\$1,753
24	\$414	\$4,973	\$89	\$1,066	\$157	\$1,881	\$169	\$2,027	\$246	\$2,953	\$80	\$954	\$173	\$2,082	\$152	\$1,826
25	\$427	\$5,123	\$91	\$1,098	\$157	\$1,881	\$179	\$2,144	\$252	\$3,026	\$83	\$999	\$177	\$2,123	\$158	\$1,902
Total Lifetime (25-year) Cost		\$91,877		\$19,688		\$47,025				\$57,302				\$42,280		
Lifetime (25-year) Savings								\$25,164				\$14,887				\$29,909

Additional Resources

- Clean Energy States Alliance's [Homeowners Guide to Solar Financing](#)
 - Please note that this guide is from 2018 - most of the information is still applicable, but the Federal Investment Tax Credit ended on December 31, 2025 so anything related to that should be disregarded.
- Solar United Neighbors' [Solar Financing Basics](#)
- U.S. Department of the Treasury's [Consumer Solar Awareness Guide](#) and Consumer Advisories:
 - [Before You Purchase and Finance Solar Panels](#)
 - [Before You Sign a Solar Lease Agreement](#)
 - [Before You Sign a Power Purchase Agreement](#)
- Consumer Financial Protection Bureau's [Issue Spotlight on Solar Financing](#) and [Consumer Advisory](#)
- PA Public Utility Commission's [Fact Sheet on Solar Purchase and Financing Options](#)