

Selling Solar to Businesses

Business owners and CFOs have a preference for *ownership* when they recognize the value created by a long-lived asset and can afford the purchase. A cost-benefit analysis, typically presented in a 25-year cash flow, includes electric savings, incentive payments, tax savings, and financing. The value to be derived from owning a solar system where electric rates are moderate to high is compelling. Financing is key to making solar ownership affordable.

For 34 years, I have been helping companies acquire a variety of equipment within budget by providing a traditional operating lease as *a method of financing*. When using a traditional lease, upfront capital investment is eliminated and replaced by tax-deductible fixed monthly payments, creating a low-cost path to ownership at an attractive purchase option price.

Your customer's solar *investment*, consisting of lease payments plus end-of-lease purchase price, will be substantially less than the invoice price paid to you by LFC Capital. LFC's tax benefits subsidize your customer's investment by making up the difference.

Electric savings during the lease term should also be viewed as subsidizing your customer's investment. Unless your customer has a high electric utility rate, electric savings during the lease term will be less than the lease payments. This fact notwithstanding, using LFC's lease and purchase combination will provide your customer with greater overall value than a PPA cost reduction program, due in part to your customer's electric savings continuing far beyond the 7-year lease term, and because any available incentives such as SRECs, FIT or PBI will be for your customer, enhancing cash flow as well as the profitability of your customer's investment.

Net present value, shown in our cash flow projections, is a popular financial calculation used by companies in their capital budgeting to measure the profitability of an investment. NPV calculates an investment's value in today's dollars... a value considered to be an immediate increase in the company's net worth upon making the investment.

The accompanying 25-year cash flow shows the attractive NPV gained from a relatively small after-tax amount invested (small in comparison to project cost) when using LFC's lease and purchase combination to acquire ownership in states without SREC, PBI or FIT programs.

Fortunately, you do not have to be a tax, accounting or financial expert when you team up with me, and LFC Capital. We provide the cash flows and metrics your customer needs to evaluate the economics of the solar project, and I will be available for conference calls to go over the details of the *LFC Solar Ownership Program* with you and your customer.

So let's work together to make solar ownership affordable and sell more systems to businesses!

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