



How to Choose a Solar Partner

In an ideal world where all companies and technologies are the same, choosing a solar partner solely based on price makes sense. But the reality is that not all technologies or partners are the same, and the many differences directly impact the total, long-term value of a solar solution.

Talking to a solar partner early in the process is an important way to gain critical insights about the industry, create an RFP that receives the most competitive bids, and ultimately get a solution that unlocks the full value of solar power. Three of the most critical aspects to search for in a partner include:

1. Policy & industry knowledge
2. Project finance expertise
3. Superior solar technology

Solar partners with these qualities can provide an excellent solution in the short-term. However, solar power is a long-term investment. As a consequence, reviewing vertical integration, company stability, operations and maintenance (O&M) services, warranties, and market presence are key characteristics that you need to evaluate to ensure that you are selecting a solar partner who will look after your system for the long-term. Solar power isn't just a solution for electric-cost stability today; it's a multi-year investment for your organization's energy future.

3 Critical Solar Partner Traits

Vast Policy & Industry Knowledge

Having a solar partner with extensive expertise in the solar industry and a broad understanding of complex policies is a must-have. Changing policies and location-specific utility standards directly influence a solar solution's return on investment (ROI), so a solar partner must be knowledgeable about:

- Constantly-changing federal, state, municipal, and utility policies, incentives, and rebates
- Licenses and certifications required for a solar installation in a given state or municipality
- Permitting rules and environmental regulations
- Utility interconnection requirements and rate structures

Expert Project Financing

Poor financing or using an inadequate financial tool can be the difference between a positive ROI and millions of dollars in lost savings. With the expansion of solar financing mechanisms, it's vital to have a partner who understands all the options as well as when and how to use them. Financing expertise combined with industry knowledge is essential because the best financial deal must take into account the right incentives, utility rate structures, and other policies.

When reviewing solar companies for financing experience, ask about:

- How many gigawatts of solar projects the company has financed
- How much experience the partner has in setting up leases, PPAs, and other financing options



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- How knowledgeable the partner is with the solar renewable energy credit (SREC) market
- How connected the partner is with the finance community

Superior Technology

Hopefully, these tips will offer a clear path to a competitive financing deal and help you avoid costly missteps that can slow or derail a project entirely. With the right solar financing, your company can create a successful financial deal to deploy clean energy for your company and maximize the total long-term value.

Not all solar cells and panels are designed the same. Without quality solar technology, a system is more vulnerable to failures, which reduce savings. Lower quality technology can also impact financial options because financiers may charge higher rates to minimize their risk and ensure their return on investment. Simply put, the better the solar technology, the better total value an organization can receive.

Some key elements to inquire about include:

- How long has the technology been in use?
- What types of panel and system materials are used and how does that compare to other materials?
- What is the efficiency of the panels?
- How much total energy will a system produce over its lifetime?
- What is the degradation rate of the panel?
- How many watts can be installed per square foot?
- How many man-hours does it take to install a system?

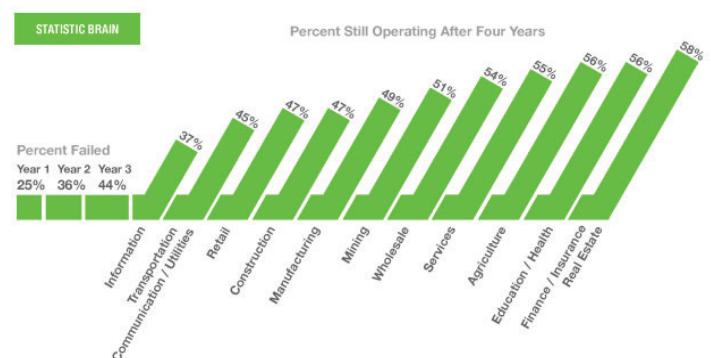
Investing in a Long-Term Partnership

You need a partner to last for at least the next 25 years to safeguard a solar investment. As a result, a company's stability, vertical integration, O&M services, warranties and guarantees, and market presence are important characteristics to review in conjunction with the first three traits.

Enduring Financial Strength & Stability

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Partnering with a financially-secure solar company is essential because a solar system is expected to last for decades. There are always exciting new start-ups in the solar industry, but according to a study by the University of





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Tennessee Research department, 53% of construction companies and 51% of manufacturing companies fail within the first 4 years.¹ Without the solar manufacturer and installer, workmanship and product warranties are meaningless.

- Here are some questions to determine financial strength:
- How many years has the company been in business?
- How many megawatts of projects does the company have in its pipeline?
- Are they owned by another company? If so, what is the financial standing of the company backing the solar company?
- How profitable is the solar company?
- Does it have publicly-rated, investment-grade solar bonds?
- What is the partner's history and track record of solar projects?

Managing the Supply Chain

Vertical integration benefits everyone. It helps a company to control costs and maintain schedules. The solar partner can then pass on cost and time savings to the customer. Other benefits include:

- A single point of contact for turnkey solar solutions with engineering, procurement, and construction (EPC) coming through one company instead of several
- Cost efficiency and reductions from having no middle man
- Reliable installation schedules allowing for faster times to energy production
- More reliable solar products provided by better quality control spanning solar cell production to installation

Diversified Market Presence

Because of constantly changing government policies, a solar partner too focused on one regional market is at risk. A residential market may be heating up in Japan while a commercial market is cooling down in Germany. An internationally diversified partner means that the company is in a stronger financial position to withstand these changes. Key elements to look for include:

- International footprint and diversified market presence
- Presence in multiple segments, such as
 - Residential,
 - Commercial,
 - Government,
 - Utility, and others



¹Small Business Development Center, Bradley University and University of Tennessee Research, "Startup Business Failure Rate By Industry," Entrepreneur Weekly, accessed April 30, 2015, <http://www.statisticbrain.com/startup-failure-by-industry/>.



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Ensuring Reliability

While reliable solar technology is vital, having agreements to back up the production of the solar panels and workmanship can give an organization much valued peace of mind. Agreements to investigate include:

- O&M service agreements
- Performance guarantees
- Product and workmanship warranties

Find out how long warranties last and what they cover. See if a company offers performance guarantees for their solar leases as well. If a company does not offer these types of agreements, this could be a concern.

Exceptional References

Finally, it's always important to check a company's references. See what other customers have to say about a solar partner and their solar system. Learning how a particular solar technology has performed over time can offer insights into long-term management and help set reasonable production expectations.

A Long-Term Investment

With this information in mind, you can select a quality solar partner to maximize the value of a solar system not just for today, but for decades to come.

References

Small Business Development Center, Bradley University and University of Tennessee Research. "Startup Business Failure Rate By Industry." Entrepreneur Weekly, accessed April 30, 2015. <http://www.statisticbrain.com/startup-failure-by-industry/>.