

# NAVIGATING HOMES WITH SOLAR SYSTEMS IN CALIFORNIA



A Guide for Real Estate Agents





## A GUIDE TO NAVIGATING HOMES WITH SOLAR SYSTEMS IN CALIFORNIA

Welcome to “Guiding Real Estate Agents: Navigating Homes with Solar Systems in California,” presented by EnergyAid. If you’re a real estate agent operating in California, you’ll encounter solar equipped homes more and more frequently amidst your real estate transactions. Although this can be an attractive point for buyers, you may have already experienced first-hand some of the challenges this can pose. Whether that be issues around the appraisal, transfer of warranty and third-party ownership contracts, or service liability after sale, this guide is tailored to empower you with the knowledge and insights needed to assist your clients in making informed decisions and facilitate a smooth transaction process.

Solar systems have become a prominent feature of California’s real estate market, offering both economic and environmental benefits. The abundant California sunshine provides an excellent opportunity for homeowners to harness clean and renewable energy. However, the integration of solar technology into homes comes with specific considerations that you, as a real estate professional, should be aware of.

In this guide, we will delve into the world of solar-equipped homes, exploring the advantages, challenges, and essential steps for real estate agents to navigate this exciting market. Whether you’re a seasoned professional or new to the real estate industry, we’re here to provide you with valuable insights to assist your clients effectively.

# 1

## Unlocking the Potential of Solar-Equipped Homes

Solar-equipped homes are a growing trend in California's real estate market, offering numerous benefits that extend beyond energy savings. All new properties include a minimum required amount of solar power and with the looming mandate of electric vehicles, the adoption to solar power has been growing rapidly. These homes leverage the power of the sun to reduce electricity costs and contribute to a more sustainable future. As a real estate agent, understanding the advantages of solar systems in homes will enable you to assist your clients effectively.

### *Advantages of Solar-Equipped Homes:*

- **Financial Benefits:** Solar panels lead to lower electricity bills, a significant advantage in California's high-energy-cost environment. Clients can benefit from stable energy costs, shielding them from the roughly 8% yearly increase on utility rates.
- **Enhanced Property Value:** Homes with solar systems often command higher resale values due to their energy efficiency and appeal to environmentally-conscious buyers.
- **Environmental Responsibility:** Embracing renewable energy aligns with California's sustainability goals, showcasing your client's commitment to eco-friendly living.

Being well-versed in these advantages will help you guide your clients towards homes that match their financial goals and values.

# 2

## Understanding the Integration of Solar Systems in Homes

As a real estate agent, it's essential to understand how solar systems seamlessly integrate with homes and the components that make it all possible. This knowledge will enable you to educate your clients effectively on the potential benefits of their new sustainable home.





### *Solar System Integration*

Solar panels are strategically placed to harness sunlight without compromising a home's aesthetics. This ensures a visually appealing integration that enhances both efficiency and elegance. New mandates (NEM 3.0) across the three major utility companies (Southern California Edison, Pacific Gas & Electric, and San Diego Gas & Electric) have encouraged the implementation of battery for storage with solar systems, but many older systems in the market will be grandfathered in under Net Energy Metering (NEM) 1.0 or 2.0.

**Tangible Benefits:** Solar energy translates into concrete advantages, including reduced electricity bills and a smaller carbon footprint. Understanding these benefits will help you convey the value of solar-equipped homes to your clients.

**Net Metering Insights:** Clients should be aware of net metering, which allows excess solar energy to be fed back to the grid and earn them credits. This ensures a seamless energy flow and can be a significant selling point.

**NEM Changes and Grandfathered Rates:** Systems installed prior to 2017 are likely still under NEM 1.0 which provides the highest rates for credits on excess energy. In mid-2017 NEM 2.0 went into effect introducing grid-access fees for solar customers and slightly lower rates for excess energy fed back to the grid. As of April 2023, NEM 3.0 has reduced the value of those credits by about 75%, requiring the battery storage to be included with solar installs in order to provide a return on investment. Existing systems in the market were grandfathered in for 20 years from the date of application to the utility company for NEM so it is critical to understand the age of the system and whether appropriate paperwork was filed during the installation process for your clients.

### *Components of Solar Systems and Warranties:*

**Solar Panel Mechanics:** Solar panels consist of photovoltaic cells that capture sunlight and convert it into electricity. These are sized based on Wattage (how much energy each panel can produce) and can range from <250 Watt panels for systems more than 10 years old to >400 Watt panels seen in current installs. Most reputable manufacturers include a 20-25 year warranty on materials with some form of production warranty against degradation.

**Inverter Technology:** Inverters play a pivotal role in converting solar energy (DC) into usable power for a home's appliances (AC). There are two common types of inverters present in most solar systems, string inverters and microinverters:

- **String Inverters:** One (or more) central inverter for the system. These will have strings of panels connected to the central inverter which means that if there is an issue with the wiring of one string or panel, it can impact the rest of the system. Most manufacturers have a 7-12 year warranty and have a similar life expectancy so it is important to understand the age of the system as well as the inverter to plan costly replacements.
- **Micro Inverters:** Each panel contains its own (micro) inverter. This allows individual production and reporting on a per panel basis. Although this isolates issues to individual panels, more parts provides higher rates of failure. These typically have a 25 year warranty, but labor for replacement can be costly.



**Monitoring Energy Flow:** Monitoring systems provide data on energy production and consumption, helping clients assess their system's efficiency. Most modern inverters have these capabilities built in and include a portal to track generation and view potential issues. It is important to know how these systems communicate as most systems requiring cellular communication installed prior to 2019 have 3G cellular chips that are no longer compatible on carrier networks. Without the connectivity it will not be possible for

### 3

## Guiding Clients on Solar Contracts: Lease vs. Ownership

Real estate agents should be prepared to advise clients on the choice between leasing and owning a solar system when buying a solar-equipped home.

### *Leasing Considerations:*

- Leasing offers reduced upfront costs and lower electricity bills, but clients should review lease terms, especially escalation clauses.
- Lease agreements might limit clients' ability to fully capitalize on long-term financial benefits.

### *Ownership Benefits:*

- Owning a solar system comes with significant advantages, including long-term savings through reduced electricity bills and higher resale values.
- Maintenance and repairs are the responsibility of the owner but can positively influence the property's resale value.





## 4

### Emphasizing the Importance of Solar System Inspections

Real estate agents should stress the importance of professional solar system inspections to their clients, both buyers and sellers.

#### *The Need for Professional Solar System Inspections:*

**Protecting Investments:** Solar systems are significant investments, and inspections ensure optimal performance, maximizing energy production and efficiency.

**Avoiding Hidden Issues:** Inspections uncover hidden problems, allowing clients to address them promptly and avoid costly repairs.

#### *Inspecting Solar Components:*

- **Solar Panels:** Inspections evaluate panel condition, checking for physical damage or wear that could affect efficiency.
- **Inverters:** Confirming inverter functionality is crucial, as they convert solar energy into usable power for a home's appliances.
- **Wiring and Connections:** Proper wiring and connections are essential for safety and energy transfer.

#### *Evaluating System Performance:*

**Energy Output Assessment:** Professionals assess energy output against expected performance, ensuring clients reap full benefits.

- **Efficiency Optimization:** Inspectors look for opportunities to enhance system efficiency.



## 5

### Addressing Client Concerns and Questions

Real estate agents should be prepared to address common concerns and questions their clients may have regarding solar systems in homes.

#### *Common Concerns:*

- **Upfront Costs:** Clients may worry about the initial investment, but agents can emphasize long-term savings and available incentives.
- **Aesthetic Impact:** Agents can explain advancements in solar panel design that make them more visually appealing.
- **Worthiness of Solar Panels:** Agents can discuss potential savings and the environmental impact of solar panels.
- **Property Resale:** Agents can highlight the higher resale value and marketability of solar-equipped homes.
- **Grid Interaction and Energy Storage:** Agents can explain how solar systems interact with the grid and the option of energy storage.
- **Solar Panel Lifespan and Payback Period:** Agents can provide information on panel longevity and the payback period.



## 6

## Empowering Your Clients' Solar-Powered Home Decision

In this final chapter, real estate agents should empower their clients to make informed decisions regarding solar-equipped homes.

### *Key Takeaways:*

- Highlight the financial advantages, enhanced property value, and environmental benefits of solar-equipped homes.
- Educate clients on the seamless integration of solar systems in homes and the components involved.
- Assist clients in choosing between leasing and ownership based on their financial goals.
- Stress the importance of professional solar system inspections for optimal performance and long-term savings.
- Address common client concerns and questions regarding solar systems.
- Empower clients to make informed decisions that align with their priorities and values.

Real estate agents play a crucial role in guiding clients through the process of buying or selling homes with solar systems. By being knowledgeable about solar technology and its benefits, you can provide valuable assistance to your clients and contribute to a more sustainable real estate market in California.

*We offer a full range of solar system repair, maintenance services,  
and installations throughout California.*



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