Summit Recreation Center

100 Morris Avenue

Summit NJ, 07901

The Opportunity

- **Leverage municipal assets**: Utilize the available roof space and municipal building parking lot for a solar array.

- **Right-sized for impact**: A 169-kW system is a substantial installation that can fully offset the building's energy consumption.

- **Strategic investment**: By taking advantage of favorable state, federal incentives and "Power Purchase Agreements", we can minimize costs and maximize benefits for taxpayers.

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Economic Benefits — Stabilized/Avoided Energy Costs

Insulate against price volatility: New Jersey has some of the highest electricity rates in the country. Investing in solar provides energy independence and protects budgets from unpredictable rate hikes for decades.

Budgetary control: The solar energy produced comes at a predictable, fixed cost, providing long-term stability to the municipal budget.
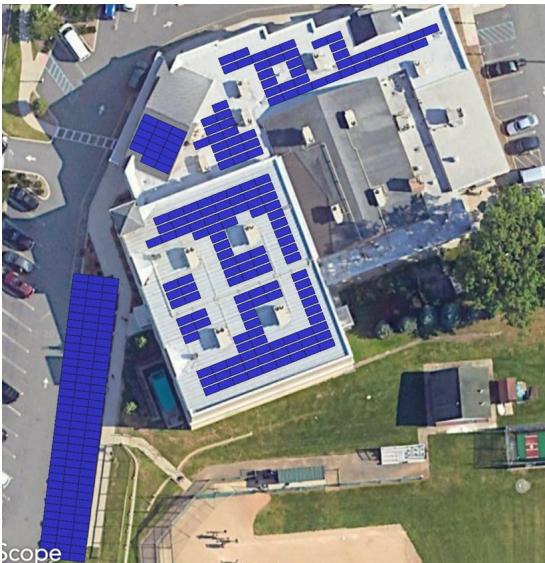
Economic Benefits — Federal Benefits

Investment Tax Credit (ITC) - A federal Investment Tax Credit (ITC) for Photovoltaic (PV) projects at a rate of 30% of the total PV system cost. Unlike tax deductions, this tax credit can be used to directly offset tax liability dollar for dollar.

Federal Incentives through Direct Pay - Tax-exempt entities, can't use traditional tax credits. However, the Inflation Reduction Act of 2022 created the "Direct Pay" option, which allows municipalities to receive a direct cash payment for the value of the tax credit.

Federal MACRS (Modified Accelerated Cost-Recovery System) - Under the federal Modified Cost Recovery System (MACRS), businesses may recover investments in certain property through depreciation deductions. For PV systems, the taxable basis of the equipment must be reduced by 50% of any federal tax credits associated with the system.
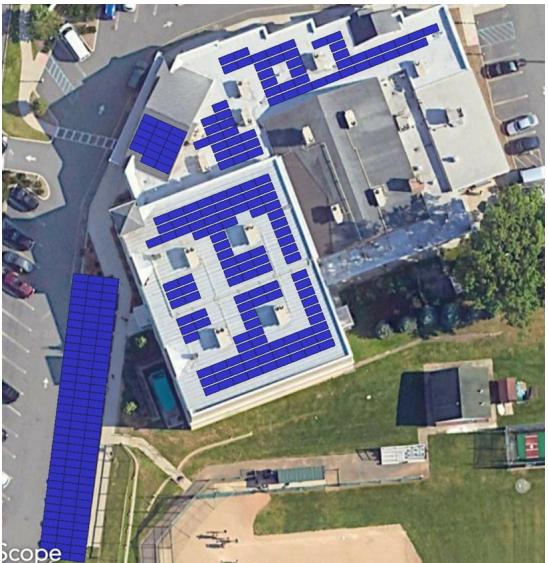
Economic Benefits — State Benefits

Small Non-Residential Solar Successor Incentive Program- The Administratively Determined Incentive (ADI) - a fixed incentive payment for net metered solar projects. The incentive value will vary based on project type and size and will be guaranteed for a term of 15 years. As a solar panel system generates electricity 1certificate is awarded for every 1,000 kilowatt-hours of electricity it generates.

State (NJ) Modified Accelerated Cost-Recovery System (MACRS) - Under the Modified Cost Recovery System (MACRS), businesses may recover investments in certain property through depreciation deductions. The MACRS establishes a set of class lives for various types of property over which the property may be depreciated.

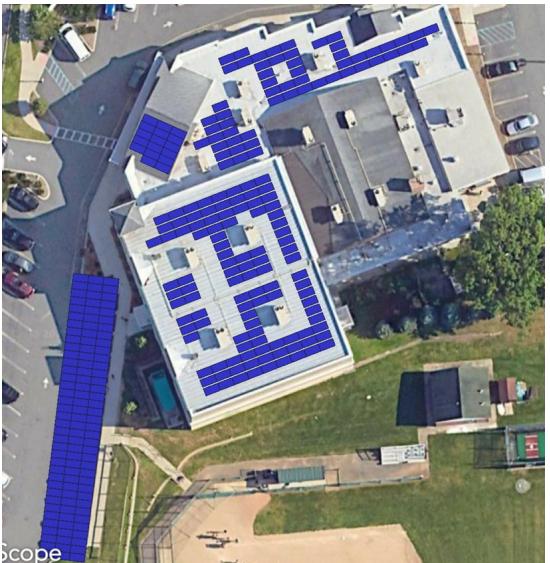# Economic Benefits — Power Purchase Agreement (PPA)

Agreement and planning: A municipality and a PPA enter into a long-term contract. The agreement details the responsibilities of each party and the price per kilowatt-hour ($/kWh) the municipality will pay for the solar energy.

Financing and installation: The PPA covers the full cost of the solar project, including design, permitting, and installation. The municipality provides the physical space for the solar system

Operation and maintenance: The PPA owns the system and is responsible for all operations, maintenance, repairs, and performance monitoring for the duration of the contract. This eliminates maintenance headaches for the municipality.

Power generation and purchase: When the system becomes operational, the municipality begins purchasing the electricity it generates. The energy is delivered "behind the meter" for immediate use.

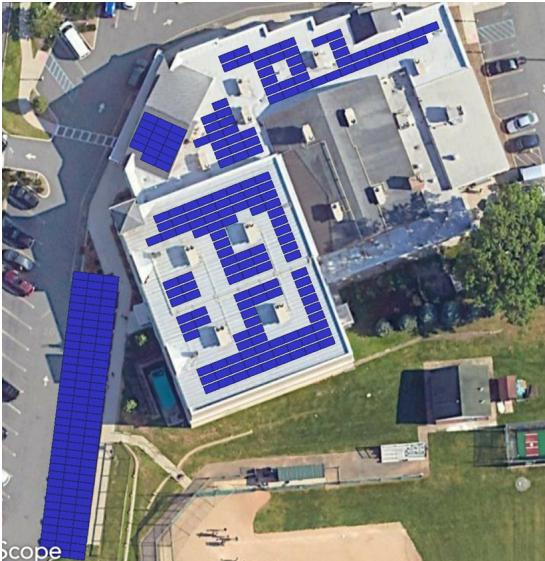# Economic Benefits — Power Purchase Agreement (PPA) - continued

Billing and savings: The municipality receives a monthly bill from the PPA provider for the solar energy consumed at a lower rate than its traditional utility company. This provides immediate and ongoing savings.

Incentive monetization: The PPA, as the system owner, is the entity that claims financial incentives This incentive can be a significant portion of the total system cost. The developer's ability to monetize this is why they can offer such a low rate to the municipality.

End of term: At the end of the PPA term, the municipality typically has several options:
- Extend the contract with the PPA.
- Purchase the system from the PPA at a fair market value.
- Have the PPA remove the system

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Benefits of a PPA for City of Summit

No upfront capital cost: A PPA is a zero-down option, allowing municipalities to install solar without a major budget expenditure.

Budget certainty: The locked-in, long-term energy rate provides predictability for municipal budgeting and protects against future utility rate hikes.

Reduced energy bills: Municipalities save money from day one by paying a lower rate for their solar electricity compared to grid power.

Reduced risk: The PPA assumes all project risk, including technology performance and maintenance, so the municipality is not responsible for repairs or unexpected issues.

Supports sustainability goals: The project helps the city meet clean energy targets and demonstrates visible environmental leadership to the community.

Environmental Benefits

Reduced carbon footprint: Replacing traditional grid power with solar energy dramatically reduces our municipality's greenhouse gas emissions.

Cleaner air: Solar power generates electricity without burning fossil fuels, which decreases air pollutants.

Support clean energy goals: This project directly contributes to New Jersey's ambitious target of achieving 100% clean energy by 2035.

Visible leadership: Installing solar on a prominent municipal building visibly demonstrates our city's commitment to sustainability to all residents and visitors.
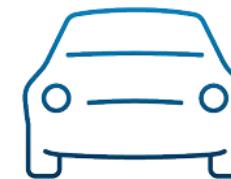

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Environmental Benefits

Over the next 20 years, your system will do more than just save you money. According to the EPA'S GREENHOUSE GAS EQUIVALENCIES CALCULATOR, your solar PV system will have the environmental impact of:
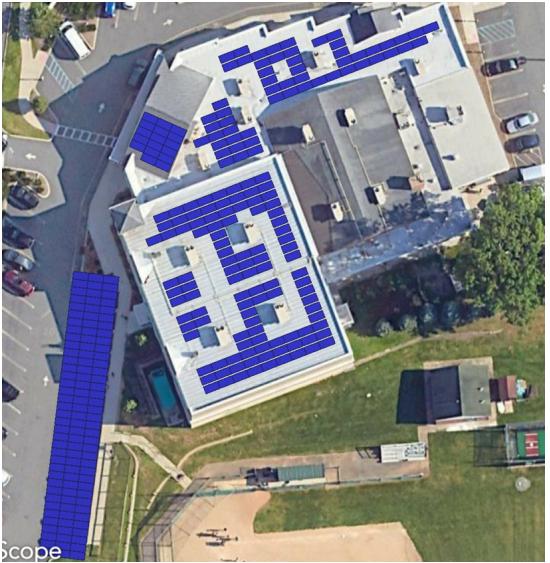
3,398
tons of CO2 Offset

7,726,981
Miles Driven By Cars

50,976
Trees Planted

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Questions