

# Residential Solar Systems



The Office of the  
**Minnesota Attorney General**  
helping people afford their lives and live with dignity, safety, and respect

Solar energy is an environmentally friendly way to save money on your home's electric bills. There are reputable solar power installation firms and contractors, but unfortunately there are also scam artists and businesses that may be looking to deceive and pressure consumers in order to make quick sales and inflate their profits. Review these tips and information to learn more about solar power and how to avoid solar power scams.

If you install a solar panel system, you should end up paying for less electricity from your electric utility company. But how much of your home's electricity needs are met by solar power depends on how much the solar panel system produces and how much electricity you use.

Also, if you buy a solar PV system, you may be eligible for tax credits or other financial incentives that offset the initial cost.

## Things to consider before purchasing a solar system and signing a contract:

- Start by reviewing your utility bill to see how much electricity you used in the last year and what it cost. Even if you reduce the number of kilowatt hours you buy from the utility, you'll still need to pay the utility's fixed charges if you remain connected to the utility's grid.
- Evaluate how you use energy and look for ways to reduce your home's electricity use. Visit [www.energy.gov](http://www.energy.gov) for a tool to calculate the usage and cost savings.
- What is the age and condition of your roof? If it will need repairs or replacement in a few years, you should account for the possible cost to take down and reinstall the solar panel system.

- Figure out what size system you need to meet your average energy usage. The customizable calculator from the U.S. Department of Energy uses your address and details you provide about a system to help you **estimate** how much energy it will produce.
- The amount of power and value you get from a solar panel system depends on:
  - the average number of hours of direct, unshaded sunlight your roof gets annually
  - the pitch (angle) and the compass direction it faces
  - the size and efficiency of your system
  - environmental factors such as snow, dust or shade that may cover the system
- Your electric utility has rules and policies in place for homeowners who produce solar power. Some Minnesota electric utilities offer "net metering," which pays you or gives you credit for excess power your system produces during the day and returns to the grid. Be sure to inquire directly with your utility company about their specific programs and eligibility requirements.
- If you have a homeowner's association, find out what steps you need to follow to install a solar panel system. Your contractor may be able to assist you on the approval process.

## Tips on Interactions with solar panel sales companies and installers:

- Many solar panel sales companies are honest, reliable, and skilled, but some are not. Research the company and all contractors. Ask for the names of recent customers and call to see if they are satisfied. Did the contractor show up on time, clean up afterward, and follow through with their warranties? Would they hire the business again?

- Contact your city or local municipality to inquire about any required permits. If permits are required, inquire about who the responsible party is for obtaining the permits and how long the permitting process will take.
- Review resources from groups such as:
  - Midwest Renewable Energy Association: [www.midwestrenew.org](http://www.midwestrenew.org)
  - North American Board of Certified Energy Practitioners: [www.nabcep.org](http://www.nabcep.org)
  - Minnesota Department of Labor and Industry: [www.dli.mn.gov/business/electrical-contractors/solar-photovoltaic-pv-resources](http://www.dli.mn.gov/business/electrical-contractors/solar-photovoltaic-pv-resources)
  - Minnesota Department of Commerce: [mn.gov/commerce/energy/solar-wind/solar-for-homes/](http://mn.gov/commerce/energy/solar-wind/solar-for-homes/)
- Contact the Better Business Bureau ([www.bbb.org](http://www.bbb.org)) to find out if complaints have been filed against the business or contractor.
- Get more than one estimate. Make sure all businesses are bidding on exactly the same work. Make sure they come to the job site rather than giving a telephone estimate. Be leery of an extremely low estimate, because if it sounds too good to be true, it likely is.
- Electricity savings are based in part on variable factors such as weather, electrical usage, and future electricity prices. If a salesperson provides an estimate, realize that they are only estimates. However, if your solar panel bids used different numbers in these areas, ask the companies why.
- Get everything in writing. Make sure you understand the terms of the contract before you sign. If you do not understand something in the contract, ask questions and don't sign anything until you're satisfied with the answers provided.
- Avoid salespeople that use high-pressure tactics. Do not feel pressured to sign a contract on the spot or sign an electronic device.
- If a solar company tells you that you'll receive a tax credit or other form of payment from the government or utility companies, have them show you documentation and independently verify it.
- Note that the federal Investment Tax Credit for homeowners is a tax credit, not a payment. If you will not owe federal taxes or your annual tax payment is less than the tax credit— your ability to use the tax credit is affected. ***Be sure to independently verify if you will qualify for the tax credit and consult with a tax advisor if necessary regarding your specific situation.***

## Questions to Ask Regarding Solar Loans and Leases:

If you are considering a solar loan, lease, or power purchase agreement, also ask:

- What is the total cost of the solar panel system to be installed? Is there a down payment?
- How much will I pay per month? Will these payments increase and if so, by how much and when?
- If there are any incentives, who will receive the incentive and when?
- When will payments begin?
- Will my system be producing energy before my payments begin?
- What is the total term length of the loan?
- Consider how long you plan to stay in your current home and explore how this may impact the ability to sell your home in the future.
- Compare the cash price and the lending price. Consider all loan options, including securing a loan directly from a lender instead of the lender proposed by the solar installer or sales company.

## **Contract Cooling-Off Period/3-Day Right to Cancel (MN Stat. S. 325G.08)**

If you signed a contract at your home, Minnesota law allows you three business days to cancel. The contractor is required to provide you with two copies of the notice of your right to cancel at the time the contract is signed. You may cancel the contract by emailing, mailing, faxing, or delivering a notice to your solar provider by midnight of the third business day after you received a signed, dated copy of the contract. For more information please see our publication: [www.ag.state.mn.us/consumer/publications/CoolingOffPeriod](http://www.ag.state.mn.us/consumer/publications/CoolingOffPeriod).

## **Licensing and Permit Requirements**

There are times the proposed solar panel system project may require the work of a licensed contractor such as a licensed electrician. The requirements for such licenses are overseen by the Minnesota Department of Labor and Industry. To check the status of a license, visit: [www.dli.mn.gov/license-and-registration-lookup](http://www.dli.mn.gov/license-and-registration-lookup)

In addition, local municipalities may have requirements that are more restrictive than the State of Minnesota, contacting your specific municipality to determine if additional permits or requirements exist is encouraged.

For more information or to file a complaint, visit our website or contact:

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[www.ag.state.mn.us](http://www.ag.state.mn.us)

[www.ag.state.mn.us/complaint](http://www.ag.state.mn.us/complaint)