

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

ANTHONY G. BROWN, MARYLAND ATTORNEY GENERAL

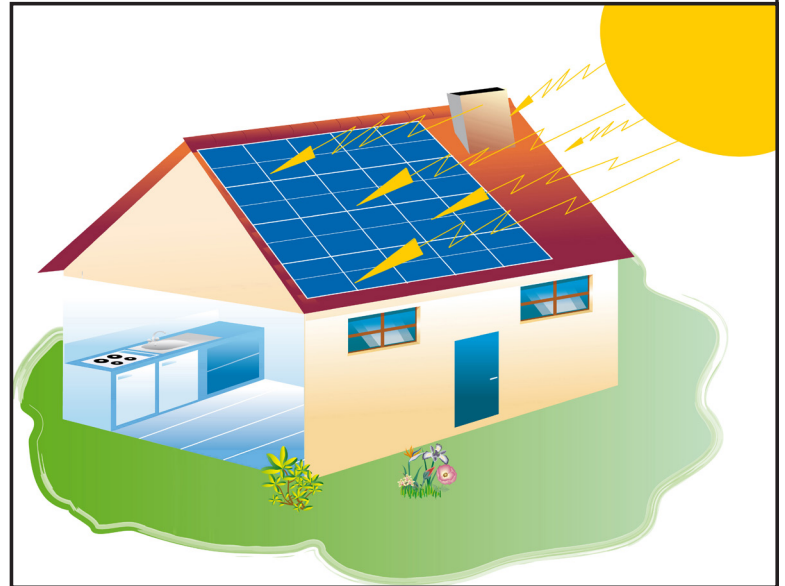
## THINGS TO CONSIDER BEFORE GOING SOLAR

*A disabled veteran decided to buy solar panels for his home after the contractor assured him he would get a \$7,500 grant from the federal government. The “grant” turned out to be a tax credit, for which the consumer didn’t qualify. In mediation, the company agreed to cover his first \$7,500 in monthly payments.*

*Another consumer entered into a solar panel contract with a door-to-door salesperson who advised him 1) the installation of solar panels would significantly lower his electric bill and 2) that he could cancel the contract at any time. He noticed that his electric bill actually went up after having the panels installed. He was then told that he could not get out of the 20-year contract unless he paid \$48,000 for the panels. The consumer also discovered a leak in the roof that his roofer said was due to damage caused by the solar panel installation. In this case, the consumer had to file a lawsuit to resolve his claims.*

While solar energy isn’t new, it’s only been in the last 20 years that homeowners have started installing solar panels on their homes. The residential solar panel industry is growing rapidly, and it’s pretty clear why. Who can resist the promise of saving money while also helping the planet? The cost of producing solar energy products has decreased and its technology is continually improving. Solar energy is renewable and clean. But is it the right choice for your home?

Solar panels work by absorbing sunlight and converting its energy into usable AC to power your home. In theory, the ability to tap into the endless supply of sunlight should reduce your overall energy costs. Unfortunately, not everyone comes away from the deal happy. Here are some things that you should consider when deciding whether to invest in solar panels for your home.



### Have you completed an energy audit?

If your home is energy inefficient (for example, there are drafts from window seals, baseboards, electric outlets, etc.; wall and ceiling insulation is worn or missing; you aren’t using efficient appliances), your solar system will have to work harder to overcome preventable energy waste. After installing solar panels, you might expect to see a drop in your overall energy costs – but you may be disappointed if all the energy you thought you would save is actually leaking out of a drafty window.

### Lease vs. Buy

Leases can be attractive because they don’t require a large up-front payment and generally include a fixed monthly payment. A power purchase is a different kind of lease program in which you are paying for the amount of power generated by the solar panels, so your monthly cost may vary. Be mindful that most solar panel leases are for 20 years, which is a long time to lease something. Buying may cost more at





first, but you may be able to offset that by earning solar renewable energy credits. Although the solar panels themselves are durable, the electrical equipment in the system may wear down. If you do lease a solar system, what does the lease say about who is responsible for this equipment if it breaks?

In addition, if you lease your solar system from a company, that company may be eligible to take advantage of certain tax credits instead of you as the homeowner. Be sure to read and educate yourself about who is eligible for tax credits and other incentives when you lease a solar system.

### **Will your power company let you connect to the grid?**

Some consumers who bought solar panels reported problems in getting their power company to let them connect to the grid. Some power companies may charge a fee, while others may put a cap on how many homes can connect. There may be a delay between the time your solar system is complete and when you are able to connect to the power company's grid.

If you are able to connect to the power company's grid, the power company may also allow "net metering." This means you can gain credit when your solar panels produce more energy than your home needs, which you can then use when your energy use exceeds what your panels are producing. (Your energy use is measured by the utility meter

installed by the power company.) You will also need to know if your solar powered system has a battery-backup that will allow it to work during blackouts or power outages.

If you are unable to connect to the local power grid, be aware that your system would be fully dependent on the capacity of its battery storage. These "off-grid" systems are typically much more expensive, and more complicated, than grid-connected systems.

### **What if you want to move or refinance?**

Most solar panel leases have a provision that if you move during the lease term, either the new owner has to take over the lease or you have to pay a hefty buy-out fee. Similarly, we've heard reports that not all lenders will agree to refinance a mortgage if there is a solar panel lease.

### **How's your roof?**

Your roof may be okay now, but eventually it will need to be fixed or replaced. Check the contract before signing to see whether you have to pay to remove and reinstall the solar panels. Also, who would be responsible for any damage to the roof during installation?

It's worth noting that if your roof is particularly shady, you may not find that solar panels are worth the effort to in-



stall them. These panels do need a certain amount of direct exposure to properly collect and convert solar energy.

### Homeowners' Associations and Condominiums

Maryland state law prohibits a homeowners' association (HOA) from placing restrictions or conditions on solar panel installation that "(1) significantly increase the cost of a solar system, and/or (2) significantly decrease the system's efficiency" (Maryland Real Property Code §2-119). However, historic properties listed, or possibly eligible for listing, in the Maryland Inventory of Historic Properties or the Maryland Register of Historic Properties, may have restrictions or conditions placed on solar paneling for visual appeal or other reasons.

Although an HOA may not prohibit you from installing a solar system on your property, you may still need to abide by rules concerning the visibility of wiring or other aesthetic guidelines that don't impose unlawful conditions.

If you own a condominium unit, you likely don't own your roof and wouldn't be able to contract for solar panels. You may be able to participate in a solar-sharing program ("community solar") offered in your area.

### Technology Changes

Do you still use the same computer or cell phone as you did 10 or 15 years ago? Chances are you answered no to both. Keep this in mind when thinking solar panels. As technology advances, today's panels may be obsolete by the time you're done paying them off or when your lease expires. Does the contract include any terms that would allow you to upgrade as new technology becomes available?

Also, many solar energy systems include web-enabled devices that let you see and control certain features. Remember to ask if using these devices enables the company to collect certain data from you, how that data is used, and what security measures are in place to protect your personal information and privacy.

### What if the savings aren't as promised?

Consumers sometimes complain that they never saw the savings on their utility bills that they were promised. Be aware that any savings claims are just estimates; no one can guarantee what the savings will be. Before signing up,

check the contract to see what it says about savings and what will happen if they don't materialize. Most contracts won't give you the opportunity to cancel if that happens, but may offer a credit. If you're given an estimate for savings but it's not stated in the contract, insist that it be written in. And if the salesperson guarantees that you'll save a specific amount of money, but the contract doesn't guarantee the savings and provide you with credits or payments if they don't materialize, take your business elsewhere.

### Bottom Line: Read the Contract and Ask Questions

Just like anything else, make sure you understand all the terms of the sales or lease contract before you sign it. Never feel pressured into signing it before you're ready. If the salesperson promised you something, be sure it's in writing. If you are supposed to get a tax credit, check to make sure it's still available. Familiarize yourself with your cancellation rights, as you may have little or no time to change your mind after signing the contract.

Many people love their solar panels. They're happy to help the environment while putting a little change in their pockets. We only hear from the people who have had a problem. If you decide solar panels are right for you, do your homework first and know what you're agreeing to, and you'll have a better chance of being happy with your decision.

---

## HOW TO CONTACT US

### Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662  
Toll-free: 1-888-743-0023 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 3 p.m. Monday-Friday  
[www.marylandattorneygeneral.gov/Pages/CPD/](http://www.marylandattorneygeneral.gov/Pages/CPD/)
- **Health Consumer Complaints:** 410-528-1840  
Toll-free: 1-877-261-8807 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 4:30 p.m. Monday-Friday  
[www.marylandcares.org](http://www.marylandcares.org)
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: [www.marylandattorneygeneral.gov/Pages/contactus.aspx](http://www.marylandattorneygeneral.gov/Pages/contactus.aspx)

*The Consumer's Edge is produced by the Maryland Attorney General's Office. Reproductions are encouraged.*



MARYLAND  
ATTORNEY GENERAL  
**ANTHONY G. BROWN**

[www.marylandattorneygeneral.gov](http://www.marylandattorneygeneral.gov)

