Why Investing in Renewable Energy Makes Good Business Sense

A five-step guide

Over the past decade, the financial risk-reward debate on solar power efficiency and return on investment (ROI) shifted from speculation to facts. Eighty-four percent of large corporations surveyed say they either plan or will consider to invest in renewable energy over the next five years. Additionally, numerous case studies and other reliable sources substantiate how solar power cuts overhead, boosts profits, increases market share, and even generates ROI. Learn why solar power solutions make good business sense—and how to pay for them—in this five-step guide from KeyBank.

1. Solar power saves money and outperforms other energy sources

Fact: Electric bills may account for 20% or more of a company’s total operating expenses. However, a self-contained solar energy system can cut electric costs by 50% or more.

Powered by a natural, sustainable resource, solar-based power bypasses unstable fuel expenses and energy prices typically associated with electricity generated by old technologies. In other words, as traditional energy rates vary and rise, the fuel of solar energy stays at a fixed rate: Free.

We’re living and working in a new age of solar power, and many businesses throughout the U.S. are learning to capitalize on it. Let’s take a closer look at today’s solar energy market and the ways in which you can benefit from it.

2. Solar markets: Record-high demand

To understand solar energy’s position in current market trends, let’s review what happened in 2016:

• Market size doubles in 12 months²
• Solar emerges as the number-one source of new electric generation
• Solar provides nearly 40% of new electrical power capacity
• Utility companies promote solar power
• Non-residential solar use reaches new highs³
3. Solar costs drop to all-time lows

Here’s another reason for solar energy’s popularity: The dramatically lower price of solar energy technologies. For instance, in 1975 the cost of a solar panel was about $100 per watt. By 2016, the price dropped to less than 45 cents per watt—a cost decrease of nearly 99.5%. In fact, just over the past eight years or so, solar power costs have decreased at least 70%. Consequently, it’s not surprising to learn that installing a solar energy system today is at its most affordable point ever.

4. Continued federal tax incentives

While the new tax reform has impacted many equipment-related deductions, Congress continues to support businesses investing in clean energy technologies. The 30% Business Energy Investment Tax Credit (ITC) remains intact through 2019, with a gradual phase-out plan beginning January 1, 2020 – 2022. Even without the benefits of credits and incentives, an investment in solar energy is still worthwhile.

Funding options: Why financing works

While this all makes good business sense, you still need a fair sum of capital to launch a solar initiative. Equipment financing offers an economical, turnkey renewable to cash, lines of credit, or even loans. Why? Many organizations use financing because it not only preserves precious business capital, but it also expedites their renewable energy projects. It also offers many flexible features that enable them to stay competitive, regardless of the rapid speed of technological advance.

5. The cumulative green effect

From a business perspective, “going green” is a profitable cash play—a smart, strategic move with a bottom-line payoff. Furthermore, investing in renewable energy also adds value to your business assets, brand identity, and marketing and public relations initiatives. Increased profitability, empowered assets, and enhanced public image all add up to a competitive edge in the marketplace.
Next steps: Start now

As this paper demonstrates, virtually any business can profit on multiple levels from investments in solar power and other forms of renewable, sustainable technologies. This may be the perfect time to introduce renewable energy to your organization’s financial picture, or broaden the scope of existing initiative(s) to enhance scalability. In any case, a strategic approach to funding your project can help your organization even more.

Research your options

The right funding provider can help simplify equipment acquisition, expedite the installation, and build a long-term, sustainable strategy to grow your business. Look for an organization with solid, reliable capital resources and experience with all aspects of renewable energy technologies—from equipment knowledge to structuring expertise.

Go green with confidence

By selecting a fully qualified and innovative financing team to fund your project, you’ll optimize your investment through reduced costs, increased efficiencies, and a bigger bottom line, both now and in the future.

Here’s a checklist of additional criteria to ensure a successful, end-to-end development process and optimal results:

- Renewable energy equipment financing expertise
- Exceptional regulatory knowledge, including the fields of solar credits and tax incentives
- Established manufacturer/installer relationships
- Ability to connect a project with organization’s financial strategy
- Centralized resources that include underwriting specialists and facilitate vendor coordination and payments
- Client-focused, consultative approach and responsive, ongoing service

To learn more about financing solar or other renewable energy investments, visit keyequipmentfinance.com.

For more information, contact your KeyBank Relationship Manager.