

# Photovoltaic Pricing

A financial mechanism to improve the economics of self-generated solar electricity

## What is “PV Pricing” ?

“PV Pricing” is a financial mechanism designed to promote investment in solar photovoltaic systems by paying owners for the solar electricity their systems produce.

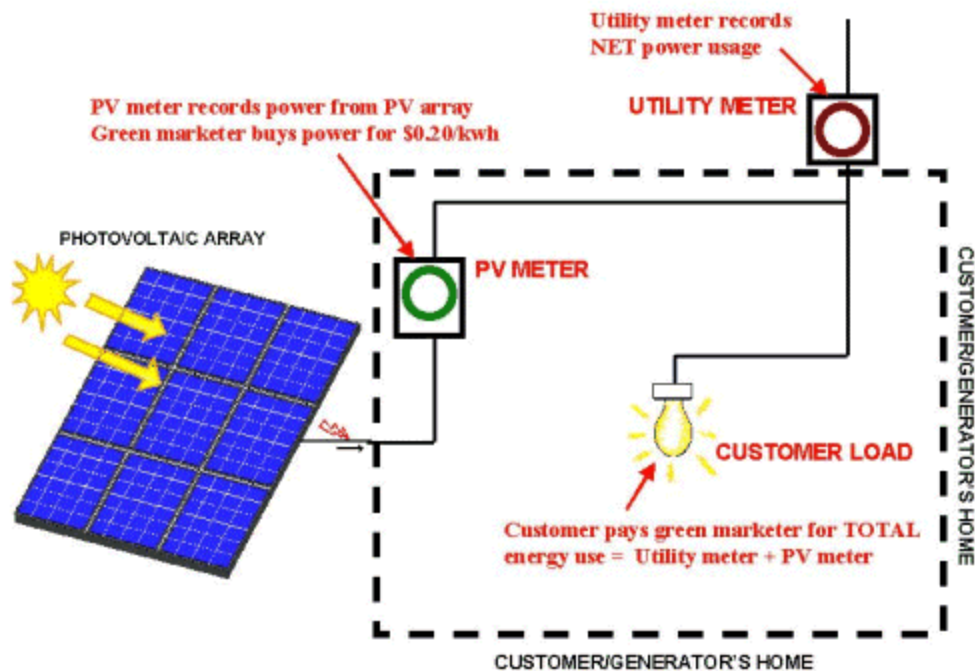
Photovoltaic (PV) system owners incur a relatively high first-cost for systems which produce electricity and provide significant environmental benefits over twenty years or more! Grid-tied PV systems improve the capacity of our local electricity distribution grid while producing electricity without the environmental costs of air emissions, radiation, or water pollution from our traditional electricity generators. PV systems also produce electricity during the times when we demand it most, on hot sunny days coinciding with our peak electricity consuming periods.

## How does “PV Pricing” work ?

“PV Pricing” has been approved as an eligible renewable energy resource by the Green-e® renewable electricity certification program.

Essentially, a supplier of Green-e® certified electricity agrees to purchase all the solar electricity produced by a customer’s photovoltaic system at a price which is considerably higher than the customer would receive from their local utility through net metering.

The PV system is separately metered so the electric generation supplier can make accurate compensation to the system owner. See the diagram below and an example of how the program works on the reverse side of this fact sheet.



## PV Pricing Example

- A customer of a supplier of Green-e® certified products has a 3.5 kW PV system.
- The customer's usage averages 700 kWh per month. The PV system generates an average of 300 kWh per month. The local utility's meter thus reads 400 kWh per month.
- The customer pays the local utility for 400 kWh per month for distribution and "market transition" charges at 4¢/kWh.
- The customer pays the supplier for 700 kWh of usage at 5¢/kWh. The supplier buys the 300 kWh of PV power at 20¢/kWh and places a credit of \$60 on the customer's monthly bill. The supplier would actually reconcile the amount owed to the customer on either a monthly or annual basis, depending on their contract with the customer.

### Assumptions

Energy		Rate	
Customer Consumption	700 kWh	Green-e Supplier Price	5¢/kWh
Gross Solar Output	300 kWh	Market Price for Solar	20¢/kWh
Meter Read	400 kWh	Local Utility T&D Price	4¢/kWh

### Customer without PV

Supplier bills customer for 700 kWh	$700 \times 0.05 = \$35.00$
Local Utility bills customer for 700 kWh	$700 \times 0.04 = \$28.00$
Cost to customer	<b>\$63.00/month</b>

### Customer with PV Net Metered

Supplier bills customer for 400 kWh	$400 \times 0.05 = \$20.00$
Local Utility bills customer for 400 kWh	$400 \times 0.04 = \$16.00$
Customer generates and uses 200 kWh	$300 \times 0.00 = \$ 0.00$
Net cost to customer	<b>\$36.00/month</b>

### Customer with PV Net Metered and PV Pricing Option

Supplier bills customer for 700 kWh	$700 \times \$0.05 = \$30.00$
Supplier purchases 300 kWh PV output	$300 \times \$0.20 = \$60.00$ (Credit)
Local Utility bills customer for 400 kWh	$400 \times \$0.04 = \$16.00$
Net <b>Credit</b> to customer	<b>\$9.00/month</b>



This fact sheet was produced by the Energy Coordinating Agency on behalf of the Philadelphia Million Solar Roofs Community Partnership with a grant from the Dolfinger-McMahon Foundation. ECA thanks Lyle Rawlings, FIRST, Inc. and Ron Celentano, Celentano Energy Services for their contributions to this document. For more information, visit [www.phillysolar.org](http://www.phillysolar.org) or call ECA at (215) 988-0929 ext. 242.

