

## SOLAR FINANCING

# Solar Loans ROI: 7 Factors to Consider When Calculating Solar Affordability

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Installing solar panels on your home rooftop is more than a mere luxury. It's a smart investment, as the benefits are obvious. These include great return on investment (ROI), raising the value of the property, and protecting the environment.

However, many homeowners feel doubtful when they have to deal with making the final decision on whether or not to install those panels. In this article, we will discuss two of the most important considerations when deciding whether or not to "go solar."

First, we'll discuss the factors of cost-efficiency in the home solar panel. Second, we'll talk about how to [obtain the most affordable home solar loan](#). Combining both pieces of information will allow you to make the decision on what to do to ensure affordability and cost efficiency when installing solar panels.

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## Factors of cost-efficiency in home solar panel

### 1. The current utility price

Check your current electricity price. The higher the price, the more money you can save by switching to solar power. For instance, if you live in California where the price of electricity is \$0.19 per kWh, you're paying more than a friend who lives in Washington, which charges \$0.09 per kWh ([source](#)).

### 2. Your household electricity use

The more electricity your household consumes, the larger the solar array must be placed to offset the power consumption. This high consumption would require installing more solar panels, which consequently would cost more than when your energy consumption is lower.

### 3. The size of your roof space

If you have limited roof space, you would most likely need to purchase solar panels with higher efficiency rating, which is more expensive. However, if you have a lot of roof space, you can install more solar panels with lower efficiency.

### 4. Whether your roof receives a lot of sunshine

If your rooftop receives a lot of sunshine, you would need smaller solar panels with medium and low-efficiency ratings. If your rooftop is in the shade, the solar panels installed should be larger with higher efficiency. Thus, cutting down the tree standing next to your property, or whatever it is causing the shade, might be a wise move that can save you money in the long run.

### 5. Whether your state receives a lot of sunshine

If your state receives a lot of sunshine year-round, like Florida, Hawaii, and California, the solar panels to install can most likely be of low or medium efficiency. However, if you reside in states with long winters, like Maine, Vermont, and Alaska, you will need to install panels with high efficiency. Naturally, the higher the efficiency, the fewer panels you would need to install and the lower the efficiency, the more panels.

### 6. Availability of statewide incentives

There are several types of statewide incentives to consider, including tax credits, rebates, tax exemptions, and performance payments. For comprehensive databases of state incentives for renewables and efficiency throughout the United States and your solar panel installation Return on Investment (ROI), refer to [DSIREUSA.org](#), [Google Project Sunroof](#), [Best Company Solar Incentives by State](#), and [Solar Power Rocks](#).

Also, every city has its own initiatives. You can find programs and initiatives for cities in California, for instance, can be found [here](#). Naturally, the more incentives available for your state and city, the more cost efficient to you.

### 7. Whether you can sell excess electricity back to the grid.

Many power companies allow customers to generate their own electricity with solar panels and sell back unused electricity to the grid. This is called "net metering." However, not all states allow this, like Florida, which is —ironically— the Sunshine State.

The list of net-metering-friendly states can be found on [SEIA.org](#). If your state legally allows net metering, your solar installation would earn you money whenever it's in excess.

An excellent reference when you're considering solar power is the U.S. Office of Energy Efficiency and Renewable Energy at [Energy.gov](#). You can learn various topics, such as standards and policies, shared solar communities, solar system basics, planning and zoning, and financing and incentives.

## How to obtain the most affordable home solar loan

Now, how about obtaining the most affordable home solar loan? In general, solar loans are unsecured, meaning you don't need to put up any collateral, which simplifies the process. However, you do require a good credit score to enjoy the best rates. Moreover, since many solar panel installers have partnered up with such lenders, the whole process can even be simpler.

Another option is going through traditional banks, such as home improvement loans and Home Equity Lines of Credit (HELOC), in which collateral is usually required. Thus, depending on your situation and credit score, you can choose the best one.

Now that you understand how to save money when installing home solar panels and the types of loans that you can apply for, it's time to act. SuperMoney has the tools to help you in selecting the most appropriate loan for your solar panel purchase.

You can use our [personal loans engine](#), which gives you access to pre-approved loan offers without hurting your credit. Alternatively, you can compare the best rates and terms in SuperMoney's [Personal Loan](#) and [Home Loan](#) databases.

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