Sunny Cambridge

— RENT INCREASE METHODOLOGY —

If landlords choose to allocate excess solar electricity to their tenants' electric accounts, tenants would see net metering credits applied to their electric bills each month. One way for landlords to recoup their solar investment from net metering would be to increase the cost of rent.

WHAT YOU NEED:

1. The solar PV system's annual generation (kWh). You can find information by requesting a quote from your installer, or by multiplying:

   PV System Size (kW) **X** Average Capacity Factor[1] (13.51%) **X** 8,760 (hours/year) **=** Solar Generation (kWh/year)

2. The net metering credit value for Cambridge, MA ($/kWh).[2]

3. Percent of electricity allocated to the tenant in your Schedule Z form.[3]

4. Plan to discount this calculation of net metering credit by 15-20 percent. This will prevent the tenant from paying more than the net metering credit value in case the PV system underperforms.

EXAMPLE:

A landlord recently installed a solar PV system that is projected to generate 9,000 kWh per year. He or she decided that 25 percent of the electricity generated would be net metered to one tenant's electric account. The electric meter would fall under the Residential Non Heat R-1 Rate, Class 1 Solar/Wind Net Metering Credit Value of about $0.20 per kWh.

The tenant should expect to save $450 each year on electricty:

$$9,000 \text{ kWh/year} \times \$0.20/\text{kWh} \times 25\% = \$450/\text{year}$$

Apply the discount to determine the rent increase:

$$\$450 \times 80\% = \$360/\text{year}$$

The landlord should increase the tenant's rent by $360 per year ($30/month). If the system performs as expected, the tenant would save $90/year ($450-$360).

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[1] DOER's calculation of the average Solar PV Capacity Factor
[2] Eversource's Net Metering Credit price sheet (see tariffs R-1, R-2, R-3 for Class I Solar projects)
[3] Eversource's Schedule Z form for net metering services.