

Will Solar Panels Save You Money

by Anand Kumar Ashodhiya - Wednesday, October 24, 2018

<http://dayrisesolar.com/will-solar-panels-save-you-money/>

When we talk about the upfront cost estimates of solar panels, users are apprehensive and always concerned about “**Will solar panels save you money**”. Homeowners, residential users, commercial and industries owners who are contemplating to install grid connected rooftop solar power plants at their premises / dwellings are perhaps concerned about the environmental issues, but also huge upfront cost involved in solar panels installation. Even after taking into account the upfront cost estimates, input tax credits, state solar subsidies, rebates, incentives etc., many people are still found to be apprehensive about the solar panels installation cost and always found ponder upon main issue i.e. “**Will solar panels save you money**”

Yes: Investment in Solar Photo-voltaic Modules or Solar PV Panels is worth vis-à-vis today’s electric prices.

Residential Solar panels contain solar cells, known as photo-voltaic cells, connected in series or parallel so that highest efficiency of the solar panel is achieved and the solar panels require the maximum solar energy, full sunlight as long as possible without being obstructed from trees or shade lines from the roof.

Solar Photo-voltaic is primarily used for grid connected electricity to operate residential appliances, commercial equipment, lighting and air-conditioning for all type of buildings. Through standalone systems and use of batteries, it is also well suited for remote regions where there is no electricity or very limited. [Solar](#) PV modules can be ground mounted or installed on a rooftop of a building.

First apprehension about how and where to [arrange huge](#) upfront cost / investment

[Solar Loan by Public Sector Undertaking / Nationalised Banks](#)

Now-a-days all Public Sector Undertaking (PSU) / nationalized banks like IDBI, State Bank of India, [Punjab National Bank](#), Bank of India etc. are offering solar loans and renowned solar companies are facilitating easy access to such loans. Hence the first fear of huge upfront investment is almost omitted by the fact that 70% of the total cost of solar power plant installation may be financed by the banks.

Nationalized / PSUs banks are very keen in supporting the Government’s initiative for providing of renewable clean source of energy through the installation of rooftop solar PV plants, solar lighting system and solar water heating system. While we still contemplate Will Solar Panels Save You Money, the very first concern about arrangements of upfront cost is deviated by provision of solar loans.

Government of India’s Direction for Solar Loans to the Needy

Government of India, Ministry of Finance has advised all PSUs / Nationalized banks to encourage the

home loan / home improvement loan for installation of rooftop solar PVs and include the cost of such equipment in their housing loan. All PSUs / Nationalized banks have instructed their branches / offices to take note of these directions and extend loan for installation of rooftop solar PVs as part of housing loans and house repair / renovation loans. Provision of solar loan makes solar panels installation easy to eliminate any apprehension about "Will Solar Panels Save You Money".

Interest Rate of Solar Loan Equivalent to Home Loan

Interest rate on loan for installation of grid connected rooftop solar power plants is equivalent to home loan. With increasing awareness to adopt clean green renewable energy and the rising cost of grid supplied electricity, rooftop solar plants are finding more and more takers in the residential, institutional, social and commercial sector.

Installation of Solar Panels identified as Priority Sector Lending

Taking this into account the Government of India via Reserve Bank of India, has directed for financing of solar plants while identifying it as Priority Sector by all Public Sector Banks (PSUs), specifically targeting the needs of individual domestic users, housing development societies, small and medium commercial entrepreneurs. The solar loan may be clubbed with home loan either existing or a new one.

Solar loans can be considered as part of home loans

Solar loans can be considered as part of home loans. All PSUs and nationalized banks may allow cost of grid connected rooftop solar power plants as part of house constructions price. If a user already has previous / existing home loan, then cost of installation of solar power plant may be considered as home improvement loan.

Second apprehension about DISCOM'S electricity rates vis-à-vis price of utility generated through Solar

Cost of One Unit of Electricity provided by Power Distribution Companies (DISCOM)

Presently, all most all DISCOM Utility companies in India charge Rupees 3 to 6 per unit for domestic users while levying other extra charge like electricity duty etc. whereas it is Rupees 6 to 7 per unit for commercial users. Price of electricity generated by coal or oil is very much linked to current market prices and inflation hence very much liable for increase every year. [News Flash] Government of India is likely to increase **electricity price** by Rupees 3.75 per unit to combat the power tariff.

Cost of One Units of Electricity generated by Solar Panels

On the other hand, solar power plant once installed is guaranteed to generate electricity consistently and coherently at least for 25 years or beyond. Presently cost of generation by solar power plant is somewhere Rupees 2 to 4 per unit considering its yielding for a longer period.

And this omits both the critical factor which are apprehensive in adopting of clean green renewable energy i.e. electricity by solar photovoltaic PV Panels.

Return of Investment on Installation of Solar Panels in India

Because whole cost of installation is paid up-front and the benefits flow in over 25 to 30 years, it is important to account for the fact that a Rupees saved today is not worth as much as a Rupees saved tomorrow. The value of money is slated to be receded and degraded day by day. The best way to factor in the timing of costs and benefits is to calculate a "leveled" cost per kilowatt-hour. Thus, a typical Rupees 215000 system (after 30% Central / state government's rebates / subsidies, incentives and input tax credit) is worth to save Rupees 4000 per month for next 25 years. We can summarize that such system would return Rs.48000 every year and a total of Rupees 12 Lakhs in next 25 years. The return of investment is quite impressive and worth to adopt solar power plant installation at your house, premises, dwellings, shopping malls, institutions or industries etc.

Are home solar panels worth the cost?

At these rates, the sector of residential consumers could indeed save money, because the solar power would replace electricity from the utility that costs them Rs.6 to 8 per unit. Smaller users, however, would be replacing power that only costs them 4 to 6 Rupees per unit. Probably about 80 % of urban and Semi-Urban domestic customers, the very heaviest users, would save money by installing solar panels (though they would likely save more money by improving the energy efficiency of their dwellings). The other 20% percent would also get benefit financially at current electricity rates if they consider inflation and increased rates of DISCOM's electricity.

Prices of DISCOM's electricity slated to rise

The prices of electricity are going to change over time despite all the facts considered in this article. The average price may increase if the price of natural gas, oil, coal, uranium rises quicker than inflation or a greater share of the power comes from more-expensive alternative-energy sources. But alternative energy - wind power, hydro power, geothermal and even solar energy is going to get cheaper as technology advances. In addition, that sharp rate structure is likely to be more pricey, considerably increasing the electricity rates that the largest users now face. The savings from solar panels that those households would enjoy under current rates is going to shine in near future.

[Solar energy](#) makes an environmental statement

Installing solar PV reduces the danger of greenhouse gases and other pollutants. New and renewable energy i.e. solar energy makes an environmental statement, and most of the people love the blue panels look on their rooftop pretty cool. There are many other reasons to buy solar panels, but if you are looking for big savings on electricity, you are very likely to be delighted with this new-found technology for the people.

Third Apprehension: How Solar Panels Save Me Money

1 kW Grid Connected [Rooftop](#) Solar Power Plant is guaranteed to generate 4-5 units per day for next 25 years consistently thus saving at least Rupees One Thousand a month. Solar Panels are capable to cut your electric bill up to 90% in ideal sunlight conditions.

Fourth Apprehension: If Solar Panels work in night?

Name of solar panels itself suggest that it generates electricity from the [sunlight](#). Hence a [grid connected rooftop solar power plant](#) installed at your house / premises is capable to generate electricity during day time itself equal to your 24 hours load's requirement. During day time your load runs on solar generated electricity and excess if any is fed in to the grid by the help of bid-directional net meter. Extra electricity fed in to the grid during day time would reverse during night through the same net meter, hence your consumption of grid's electricity remains almost zero despite this fact that solar panels do not work in night.

Fifth Apprehension: If Solar Panels still worthy despite upfront cost

Yes, answer is affirmative. Solar revolution is aided and supported by Government of India in the form of Solar Subsidies, rebates ranging from 30 to 70% as per your demographic residential status. State Governments provides solar generation incentive by compensating through monthly electrical bills. Most of the state Governments in India provides solar generation incentives ranging from Rupees 1 to 2 per unit generated by solar. Other than this, any extra non-consumed units fed in to the grid though net meter get accumulated which should be used within one financial year (between 01 April to 31 March to avoid lapse of accumulated units). Top of this, Delhi Government would buy un-expended units for Rupees 2 per unit after lapse of two financial years.

A Ready Reckoner to assess “Will Solar Panels Save You Money”

Despite all apprehensions, I can say that it is wise and worth to go for solar despite upfront costs while considering long-term benefits as well as environment issues. Our main question “Will Solar panels save your money” remains the core of debate and may be understood by referring a ready reckoner table depicting return of investment on Solar for Domestic Users. The rates and other statistics shown in this table have been based as per the current market scenario and liable to change.

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Return on Investment Calculation for Residential

| System Capacity | Units Generated | Savings Per Year | AreaReq | Savings for 25 Yrs | Cost Of System | Subsidy | Cost after Subsidy | Payback Period |
|-----------------|-----------------|------------------|--------------|--------------------|----------------|--------------|--------------------|----------------|
| 1 KW 1P | 1,200 Units | Rs. 9,600 | 110 Sq. Ft. | Rs. 2,40,000 | Rs. 88,000 | Rs. 20,000 | Rs. 68,000 | 7.0 Years |
| 2 KW 1P | 2,400 Units | Rs. 19,200 | 220 Sq. Ft. | Rs. 4,80,000 | Rs. 1,36,000 | Rs. 40,000 | Rs. 96,000 | 4.9 Years |
| 3 KW 1P | 3,600 Units | Rs. 28,800 | 330 Sq. Ft. | Rs. 7,20,000 | Rs. 1,92,000 | Rs. 57,600 | Rs. 1,34,400 | 4.6 Years |
| 4 KW 1P | 4,800 Units | Rs. 38,400 | 440 Sq. Ft. | Rs. 9,60,000 | Rs. 2,52,000 | Rs. 75,600 | Rs. 1,76,400 | 4.5 Years |
| 5 KW 1P | 6,000 Units | Rs. 48,000 | 550 Sq. Ft. | Rs. 12,00,000 | Rs. 2,95,000 | Rs. 88,500 | Rs. 2,06,500 | 4.3 Years |
| 5 KW 3P | 6,000 Units | Rs. 48,000 | 550 Sq. Ft. | Rs. 12,00,000 | Rs. 3,25,000 | Rs. 97,500 | Rs. 2,27,500 | 4.7 Years |
| 10 KW 3P | 12,000 Units | Rs. 96,000 | 1100 Sq. Ft. | Rs. 24,00,000 | Rs. 5,80,000 | Rs. 1,74,000 | Rs. 4,06,000 | 4.2 Years |
| 15 KW 3P | 18,000 Units | Rs. 1,44,000 | 1650 Sq. Ft. | Rs. 36,00,000 | Rs. 8,10,000 | Rs. 2,43,000 | Rs. 5,67,000 | 3.9 Years |
| 20 KW 3P | 24,000 Units | Rs. 1,92,000 | 2200 Sq. Ft. | Rs. 48,00,000 | Rs. 10,60,000 | Rs. 2,94,000 | Rs. 6,86,000 | 3.5 Years |
| 25 KW 3P | 30,000 Units | Rs. 2,40,000 | 2750 Sq. Ft. | Rs. 60,00,000 | Rs. 13,00,000 | Rs. 3,90,000 | Rs. 9,10,000 | 3.7 Years |
| 30 KW 3P | 36,000 Units | Rs. 2,88,000 | 3300 Sq. Ft. | Rs. 72,00,000 | Rs. 14,85,000 | Rs. 4,45,500 | Rs. 10,39,500 | 3.6 Years |
| 50 KW 3P | 60,000 Units | Rs. 4,80,000 | 5500 Sq. Ft. | Rs. 1,20,00,000 | Rs. 23,50,000 | Rs. 7,05,000 | Rs. 16,45,000 | 3.4 Years |

Will Solar Panels Save You Money Ready Reckoner Table for Return of Investment on Solar Panels Domestic

[Contact DayRise Solar](#) to analyze “Will Solar Panels Save You Money”

Saving money on the solar panels and saving cash each month on the power bill. Now that you know the benefits of solar panels you should also know that it's easier to set up and install than you think. DayRise Solar Energy Pvt Ltd will guide you through the install and setup you need to have your very own renewable energy.

If you need to buy solar panels and wants to know **Will Solar Panels Save You Money** when you install grid connected rooftop solar power plants, always keep in mind first your funds, size of solar plant and your present electric bill. Then attempt to calculate your house need so you'll know what number of panels you want in your house.

Get Support and Help to Avail Solar Subsidy on Solar Panels

[Contact DayRise Solar team](#) every time you need to understand “Will Solar Panels Save You Money” while you install solar panels in Sonipat and Delhi NCR. Also to get help and full [Procedure to Avail Solar Subsidy](#) in India for Grid Connected Rooftop Solar Power Plant, it's possible you may like to contact extremely skilled and expert group of DayRise Solar for any question related to Solar Energy, Solar Subsidy, Solar power, solar [products](#), design, installation and commissioning of On-Grid / Off-Grid Rooftop / Ground Mounted Solar Power Plants throughout Haryana and Delhi NCR. Qualified skilled team of DayRise Solar might help you in processing of subsidy application, bidirectional meter utility application and uploading of all related documents to SNA’s website portal.



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