

How SRECs Work

One reason solar energy systems pay for themselves in 4-8 years – the fastest ever -- is because you can earn income by selling your “solar credits”, also known as Solar Renewable Energy Certificates (SREC). This income helps you recoup the money you invested in your solar array.

The Basics

Q. What the heck is an SREC?

A. You can't see, hear or smell an SREC, but it exists. Think of it as a unit of value for each unit of solar energy you produce. Every kilowatt-hour (kWh) of solar electricity you generate, whether you use it or send it back into the utility grid, can be sold as an SREC.

Q. How do I make money with SRECs?

A. Practically speaking, it works like this: Once a month, you look at the amount of electricity produced that month, as shown on the production meter we installed as part of your solar system. You record that number on a website. Your SREC aggregator (if you use one) tracks those numbers, and every three months the aggregator sells your SRECs in the state-created SREC auction. The aggregator then pays you for your SRECs, after taking a commission.

Q. How much can I make selling SRECs?

A. The typical residential, 5,000-watt system can make up to several thousand dollars a year, but the bottom line is that there is no guarantee how much you can make. SRECs are bought and sold in a market similar to a stock exchange, and the price fluctuates with supply and demand – how many SRECs are being sold, and how many companies need to buy them. As more solar comes online, the supply increases and prices drop.

Q. Why is your estimate of SREC income lower than the other solar companies?

A. We use conservative estimates in all of our calculations for our customers, because we do not want to set unrealistic expectations. In the event that you make more money selling SRECs than we estimated, think how happy you'll be.

Q. Since the price may be dropping, is it worth selling SRECs?

A. If you want the income, yes. It's easy, and – even if prices drop – the value of your SRECs is still higher than the value of the solar electricity you generate.

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More Answers

Q. How do I sell SRECs?

- A. You can sell your SRECs yourself in the auction, but most people sell through an aggregator. Aggregators collect SRECs from many individuals and businesses, and sell them in large quantities in the SREC market. Solar owners contract with an aggregator to sell SRECs for a certain period of time, typically two, five or ten years. Longer terms generally reap better prices.

Q. Do I have to sell my SRECs?

- A. No, you can choose not to sell them. You will not receive the income, obviously. You will still enjoy the personal satisfaction of generating pollution-free power.

Q. How long can I sell SRECs?

- A. The state program allows you to sell SRECs for 10 years from the time you sell your first batch.

Q. What if I change my mind?

- A. Under today's rules, you can sell your SRECs for a few years and then stop, or wait and start later. It is up to you.

Q. How do I find an aggregator?

- A. See the list on the Mass. Dept. of Energy Resources website: www.mass.gov/doer. (Once on the site, search on Market Resources - Aggregators, Retail Suppliers and Brokers.) The majority of our customers use Knollwood.

Q. Who buys the SRECs?

- A. Utilities do, using funds received from customers as part of their regular bills. Utilities are required by the state to obtain 15% of the energy they sell from renewable energy sources. Of that 15%, about 400 megawatts (MW) must come from solar energy (the "solar carve out"). Buying SRECs is one way utilities meet this obligation.

Still Have Questions?

You're not alone! Call us at 978-56-SOLAR (978-567-6527) or email Mark Durrenberger at mark@newenglandcleanenergy.com.

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