

HERO Pro Pitch Disclosures

HERO Policy on Tax Benefits and Payments

1. The HERO Program provides a simple tool on the website that is merely intended to provide Property Owners the ability to quantify easily the effects if they and their advisors determine that some or all of the HERO payments are deductible. If asked about the tax aspects of HERO Program financing, HERO Registered Contractors should urge Property Owners to consult their tax advisor.
2. The HERO Program does not verify or guarantee energy savings.
3. Pro Pitch provides estimated payments based on current interest rates and fees, which are subject to change. Actual interest rates and fees are set at the time documents are issued.
4. Selecting "Monthly" for the display of payment amounts assumes payments are to be made through a mortgage impound account. Actual HERO payments will be made through your property tax bill, which is paid annually or semi-annually.

Estimated Solar Production

1. System Size and Performance: There are three methods commonly used to rate PV system size: STC, PTC and CEC. The Standard Test Condition (STC) rating (also called "DC" or "nameplate") assumes a standard set of optimal operating conditions. The STC rating is most often used by manufacturers to classify the power output of PV modules. The PV-USA Test Condition (PTC) and California Energy Commission (CEC) ratings were designed to approximate system performance in more realistic operating conditions. The Energy production for the first year is based on the PVWatts Version 5 estimated energy production. To calculate the system's energy production for any future year, the expected degradation in system performance is included.
2. Average Monthly Utility Savings: Average Monthly Utility Savings is the average monthly (Net) Energy Bill Savings expected over the system life. This takes into account utility rate inflation and any expected degradation in system performance. This estimate has not assumed any changes in the amount or timing in your building's energy use.
3. Total Net Impact: Total Net Impact is the total cash flows (payments, tax savings, energy savings and additional savings) for all years after installation as a percentage of the net cash invested in the year of installation ("Year 0").
4. Levelized Cost of Energy: Levelized Cost of Energy (LCOE) is an approximation of the average cost of energy from your solar system (\$/kWh). To determine LCOE, the system Net Cost (\$) in the installation year is divided by the amount of energy produced (kWh) over the system life (years). For this calculation, energy produced over system life is limited to the annual energy consumption of the building times the system life in years. This calculation is not adjusted for the time-value of money.

5. Tiered Rates: Solar can reduce the average cost of electricity by reducing tiered rate usage. If electric bills were not entered, we assumed the daily amount (kWh) that defines the base quantity for your location and electric usage. The percentage of the base quantity that triggers higher tiered rates were also used. To estimate tiered electricity use after a solar installation, your historical electricity usage was reduced by the estimated solar system output (kWh) for that month. Your utility may change these rates or the tiers applied. Tiered rate charges can account for a large percentage of your utility bill and the assumptions used in these estimates may not be accurate for your particular situation.
6. Annual Electric Bill "True-Up": This analysis assumes you will receive a cumulative credit from your electric utility at the end of the year for each month your system produces more energy value to the grid than you consumed. Sometimes this is referred to as a utility bill "true-up". This action balances your bill across the year; in summer months your solar system may provide excess electricity, compared to winter months. Because of this you can receive billing credits in the summer for excess energy generated (a.k.a. Net Excess Generation). At the end of the year these credits may be applied to charges incurred in months where you purchased electricity (usually winter months) assuming your utility provides Net Metering. This analysis assumes your total annual utility bill will not be less than any minimum utility customer charges, as applicable.

Payment Options Net Payment Assumptions

1. Cash: Total system cost paid in cash upon project completion.
2. Home Equity Loan: Total net payment for total system cost financed over 5-year term at 6.75% interest rate with interest tax deduction.
3. HERO: Total net payment for total system cost financed over 5-year term at 6.75% interest rate if the property owner chooses the full tax deduction option.