

CASE STUDY: Solar panels on rental property

**Cassie, landlord renting out house
with solar panels**

Nightcliff, Darwin

6kW System

Cost was \$13,000 to install in 2016*.

***In 2019, Country Solar NT quoted that a 6.6kW size system would cost between \$8,000 - \$12,000 including certification and PowerWater metering fees.**



Snapshot

Cassie, long time Darwin resident, installed solar panels on her investment property, a double-story house in Nightcliff, to take advantage of tax incentives and economic benefits available to landlords.

Cassie's landlord / tenant arrangement

Cassie uses the free power available in the day as a bargaining chip for increased rent. Cassie has increased the property's rent by \$30 per week, equating to an additional \$1560 per year, to go towards the solar system.

The power bill is in the tenant's name, meaning the tenant pays for any power they use not created by the solar system, but they also receive a credit from Jacana Energy for any unused solar power.

The tenant can use the inverter to monitor how much solar power is created by the panels each day. The installer told Cassie how much power the panels would produce before they were installed. She checked the inverted reading at the rental house when the quarterly inspection was done and the panels had exceeded the predicted solar electricity production.

Cassie had enough data to make an informed and fair decision about a rent increase to cover a portion of the free solar power used in the day by the tenant. Cassie's system creates \$50 worth of solar power per week. She increased the tenant's rent by \$30 per week, still leaving the tenant with \$20 per week of free solar power (if used in the day). You can come up with a price that suits owner and tenant.

By determining how much power is created by the system on an average day, you can work out how much this equates to weekly in monetary terms. A fair contract should include a clause stating that you won't charge the tenant additional rent if the solar panels stop working or have technical difficulties. This can easily be tracked through smart systems and the power bill.

Economic benefits for landlords

- NT has the highest feed-in tariff in Australia - unused power is credited back from Jacana Energy at 26.05c per kWh (inc GST)
- Landlords can claim the annual depreciation of solar panels. The ATO measures the effective life of a solar energy system as 20 years. As a result, investors can claim a 10 per cent decline in value every year using the diminishing value method (Energy Matters, 2018).
- A competitive advantage in a tough rental market - more renters are looking for solar power and willing to pay more in rent for renewable energy as well as being able to reap benefits of cheaper overall power
- Arrangement with tenant is negotiable
- During the time you do not have a tenant, you will receive a credit from Jacana Energy for all the power produced by your system if still connected to the grid