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The GOOD 100: Solar Bonds

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Taking Stock of the Sun

The challenges facing a widespread shift to solar power are not small: Complicated physics, materials shortages, and price are the big ones. Unexpectedly, it is cost that seems hardest to overcome. No matter how cheap silicon or thin-film photovoltaic cells become, there will always be the cost of installing them on your roof—an expense that currently doubles or even triples the price of every solar panel. They can take decades to pay off, far longer than most homeowners or businesses stay in the building they've thus improved.

What to do then if you want to wean an industrial powerhouse like the United States off fossil fuels for reasons of climate, national security, energy independence (take your pick)? Solar bonds.

The idea is simple. Just as the U.S. Treasury Department raises funds by selling bonds that, in essence, promise a slice of future tax revenue to bondholders, solar bonds would raise money for the bond issuer to install solar panels on a house or a business. In exchange, the owner of said property would pay a fixed rate for solar-generated electricity, and a slice of that revenue would go back to the bondholder.

That's the business model put together by SunEdison, an international solar company, and it could work well for government buildings and the big-box stores of the world, but what about homeowners? Companies like SunRun have sprung up to fill that gap, but the agreements that they offer can be more than a decade long—which is longer than most people will own a particular home.

That's where cities like Berkeley, California, and Boulder, Colorado, step in. Those cities have set up a program to sell municipal bonds to pay for home solar installations that are then repaid via property taxes over a 20-year period. Since the taxes are tied to the property instead of the individual, the financial burden of paying for the solar-power system can be transferred from owner to owner.