Solar Electricity is a Good Investment

The most common form of residential solar electricity generation is through photovoltaic panels that convert sunlight into electricity. Currently, solar panel installation is dominated by small businesses in the United States. Their profits depend on energy prices, utility tariffs and other governmental subsidies. From a consumer standpoint, there are several factors which determine a return on investment by placing these panels on a residence, including:

* Installation costs
* Subsidies
* Feed-in Tariffs
* Energy Prices

Installation Costs

According to the Solar Power Authority in the United States, the average installation cost of roof panels on a home varies between $18,000 and $35,000. In locations with more sunshine, fewer panels are required to generate the same amount of electricity than in cloudier places. This greatly increases the solar investment amongst homeowners.

Subsidies

The Government subsidizes solar energy through direct grants, loans and additional electricity bill charges. Since the Chinese government has heavily subsidized solar equipment manufacturers, the industry has boomed and seized 60 percent of the United States solar panel market. As a result of inexpensive Chinese panel production, United States households are seeing decreasing installation costs and lower payback periods.

Feed-in Tariffs

Feed-in tariffs are incentives passed from the government to encourage investment in different types of renewable energies. This allows homeowners to decrease installation costs and earn additional money by selling back excess electricity to the local power company over 20 years. This encouraged growth in Europe and United States manufacturing of solar panels. Unfortunately, at the moment, there is no feed-in tariff program in the United States.

Energy Prices

The solar energy industry has confidence that with continued technological innovation, the high cost of fossil fuels and additional environmental concerns brought on by current electricity production, competitive prices for solar power would emerge thus leading to increased solar investment. With electricity consumption on the rise, energy prices are continuing to skyrocket. This trend is expected to continue with traditional energy-generating methods.

Good Return on Investment

Overall, solar investment offers tremendous return over time. With inexpensive labor in China and continuous technological innovation, United States solar power installation companies are decreasing prices. Also, with energy prices continually rising to meet growing consumption needs, renewable energy sources, such as solar power, are becoming a much more attractive investment for homeowners.