

Lease or Buy? Quality differences and asymmetric information in California solar panels

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Abstract

I provide one of few empirical case studies of asymmetric information of quality in a durable good. This study is unique in observing quality directly. I use data from approximately 1000 rooftop solar photovoltaic systems in California with 4 to 5 years of monthly production data. Using a Bayesian hierarchical model, I find evidence that leased systems show a higher level of quality than those bought out-right.

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