

Case study: Solar Analytics—Solar for Rentals



Clean Energy Knowledge Sharing Initiative



Unlocking the benefits of solar for property owners and renters

Record numbers of households across NSW are enjoying the environmental and financial benefits that come from having a solar system installed on their homes. However, as around one in three Australian homes are rentals many households are missing these benefits.

The Solar for Rentals product, offered by solar monitoring company Solar Analytics, aims to make the installation of solar on rental properties simple, fair and transparent, encouraging more property owners to invest in rooftop solar and helping more renters save money on their energy bills.

Through a grant from the Clean Energy Knowledge Sharing Initiative, the NSW Government supported Solar Analytics in testing the solar savings calculator and model in the market.

By signing up to the program at a cost of \$100 per year, property owners and tenants can access software that calculates the financial benefits of solar. This allows them to use reporting tools and a live dashboard to monitor energy usage and the savings split across owners and tenants.

Fast facts



Project participant rent increase for the solar system

\$15 per week*



Project participant bill savings from using solar power

\$69 per week*



Small-scale solar systems installed in NSW

Over 490,000

**Costs and savings noted in this case study are indicative only and will vary depending on each project's system cost and energy consumption.*

How the Solar for Rentals model works

The Solar for Rentals product works by splitting the financial benefits of a solar system between the property owner and the tenant, with reporting provided to both parties so they can see exactly how much they have saved. This allows property owners to add value to their house through solar and additional rental income, while the tenants benefit from reduced energy bills.

Table 1. How the model works

Property owners	Tenants
<p>The property owner recoups the cost of the system through the rent increase, while also benefiting from the additional value the system adds to their property. The calculator gives property owners important information, such as the system payback period.</p> <p>The property owner pays for the solar installation, plus a \$100 annual subscription fee to participate in the program.</p>	<p>The tenant pays a small amount of increased rent but saves on their energy bills. The calculator gives an estimation of tenant savings, assuming they use 35% of the solar energy generated. Any energy they do not use will be exported to the grid and the tenant will receive the export credit on their energy bill.</p> <p>Once agreed, tenants sign a new lease, which includes the small rental increase.</p>
<p>Rental increase per week = Expected weekly solar production × Feed-in tariff</p>	<p>Estimated savings per week = Expected weekly solar production × (0.35 × electricity retailer rate + 0.65 × feed-in tariff)</p>

Following the installation, the solar system will immediately begin to generate savings for the tenant and income for the property owner.

The actual savings depend on how much electricity the tenant consumes and at what time of day. The more power the tenant uses during the day when the solar system is producing energy, the more they save.

Solar Analytics uses reporting to help the property owner and tenant understand their solar system’s output and their savings, providing data such as:

- a dashboard for renters showing how much electricity is produced and used in real-time, allowing them to adjust their usage to achieve maximum savings
- monthly solar production reports for all parties, including the renter and property owner
- an end-of-tenancy report to demonstrate average solar savings to prospective renters.

Case study

Through this project with NSW Government support, Solar Analytics demonstrated how financial benefits could be successfully split between property owners and tenants. As an example, a Central Coast duplex owner installed a 4.5-kilowatt system on the rooftop of each unit at a cost of \$11,780.

The tenants of each unit have since been paying an additional \$15 per week in rent, which is providing an internal rate of return of 16% to the property owner over the 25-year life of the solar system, and a simplified return on investment of 13.2%, equating to approximately a 7-year payback period.

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Over the last 12 months, the tenants saved a total of \$3,600 on their energy bills and the property owner gained an additional \$1,560 in rent, resulting in a net savings to the tenant of \$2,040—a significant financial benefit for all.

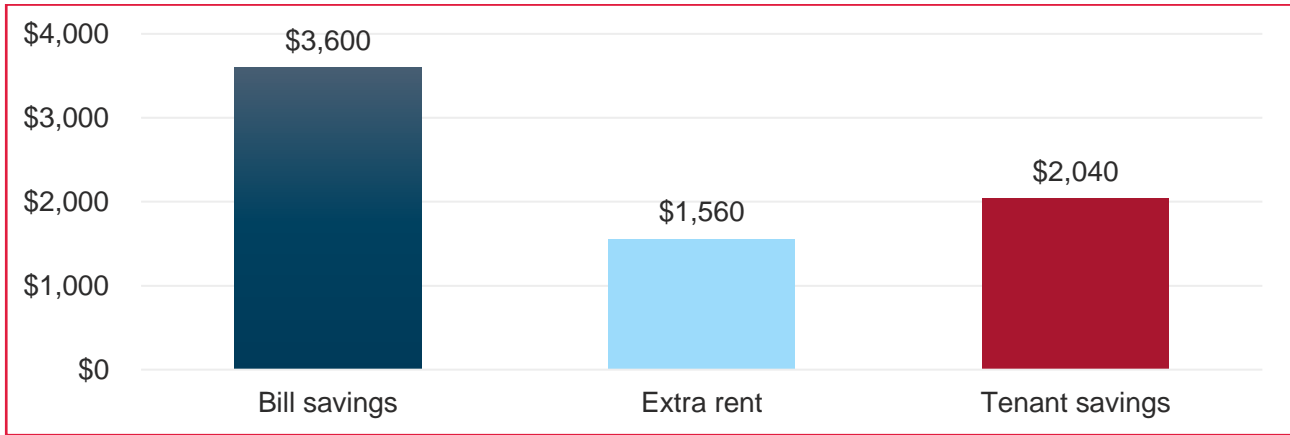


Figure 1. Savings and extra rent generated for a Central Coast duplex over the last 12 months

Next steps

Solar Analytics, in collaboration with installers and property managers across Australia, is now rolling out the Solar for Rentals product through pilot programs. Supported by Ausgrid, Solar Analytics will focus on the inner west area of Sydney, with the aim of installing 50 solar systems on both commercial and residential rental properties over the next nine months.

This project found that solar installers and property managers are best placed to connect with customers and overcome information barriers. The Solar for Rentals product will provide solar installers and property managers with marketing material, sample reports and information so they can engage property owners and tenants directly.

Solar Analytics plans to develop and extend monitoring and reporting capabilities to support more customers in accessing renewable energy options.

About the initiative

The NSW Clean Energy Knowledge Sharing Initiative supports the NSW Government's objective to achieve net zero emissions in the state by 2050. The Initiative gives innovators and early adopters an opportunity to test and trial new clean energy solutions. To find out more or learn about similar projects, visit www.energy.nsw.gov.au/clean-energy-initiative.

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