

# California: A Guide to Residential Solar Energy

Where do you need the solar installer?

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## HOMEOWNER RESOURCES

### California: A Guide to Residential Solar Energy



California made solar energy history in 2018, announcing that in and after 2020, builders must include solar panels for houses they construct. While including solar paneling is a costly, but worthwhile, investment in a home, it results in several significant returns to the homeowner.

"Any additional amount in the mortgage is more than offset ... It's good for the customer," California Energy Commissioner Andrew McAllister—one of the five state commissioners who voted unanimously for the requirement—told the *New York Times*. What does he mean? State researchers determined their new measure would "save consumers \$80 on monthly heating, cooling, and lighting bills."

Additionally, the Solar Energy Industries Association (SEIA) ranked the state first in the country in the solar-verse, with solar energy powering more than six million California home, as well as ranking it first in growth over the next five years. The *New York Times*, labeling California "a leader and trendsetter in its clean-energy goals," reported the state's ruling "brings solar power into the mainstream in a way it has never been until now."

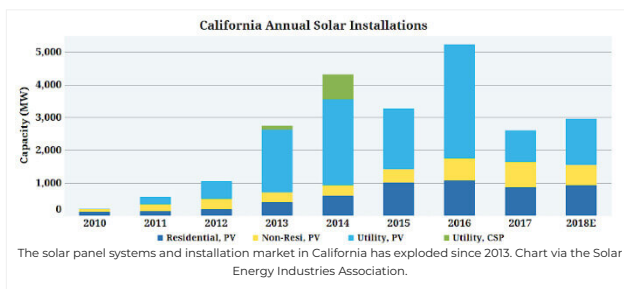
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Indeed, increased competition in the state since 2013—and the nature of the market on a national scale—means residents are primed for home value increases if they install solar panels in California. More specifically, researchers project the value of a home powered by solar paneling increases up to \$15,000 on average, according to the *Berkley Lab*, one of the federal government's national renewable energy laboratories. On top of that,

seasonal price fluctuations mean winter could be perfect for a solar home improvement project. Like every other state, California has a unique set of incentives, benefits, and challenges when it comes to investing in solar panels for houses. Read our residential guide to understand what you should know as a homeowner as you look for the best contractor to install solar roof panels under the shining, Hollywood-inspiring California sun.

A well-informed and reliable contractor will go over each detail of your installation with you, from expected savings to increases in home value. At Modernize, we frequently speak to homeowners about their home improvement projects. In our recent interviews, 90 percent of homeowners requested a checklist to help them find and vet contractors. Modernize now offers homeowners a free, digital [Contractor Checklist](#) as a simple, step-by-step guide to assist with your solar panel project.

#### BEGIN YOUR SOLAR PROJECT TODAY

### Table of Contents

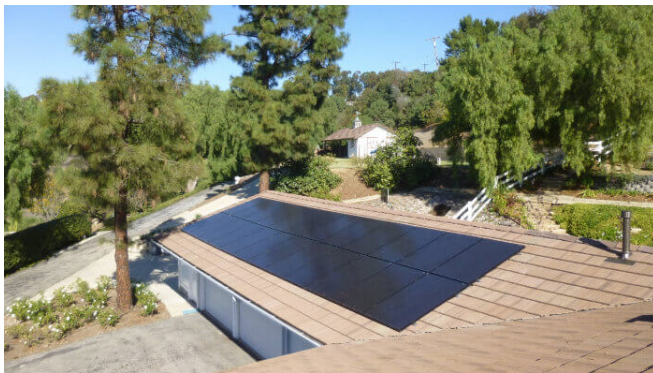
- [Roseville, CA: Solar Energy Success Stories](#)
- [California Solar Panels: Incentives, Rebates, and Other Savings](#)

## Roseville, CA: Solar Energy Success Stories

Will Clever, a retired 67-year-old who recently relocated to Roseville, Calif., considers his investment in solar paneling system “money in the bank,” he told the [New York Times](#).

Relying on a lease from a utility provider rather than buying his own solar paneling and related equipment, he told the newspaper, “I didn’t want to pay a fortune ... I was looking for a way of fixing my costs.” Considering the summer heat in the area (about 100 miles northeast of San Francisco), Clever concluded that “as electricity costs go up, I don’t have to worry about it.”

Clever’s reasoning is actually one of the reasons Modernize recommends the best time to install solar paneling is now—waiting for the warmer months to undertake a home improvement project that could take months to complete could end up delaying your potential increase in home value, not to mention savings. A local and experienced contractor will be fluent in solar energy’s California nuances, qualified to advise you on the best path you should take in your journey to increase the value of your home. Ensure you ask your contractor about your financing options, whether you buy or lease, and which system makes the most sense for your home and needs.



Solar panels in California are responsible for providing nearly a fifth of the state’s electricity, and the industry employs more than 86,000 workers. Therefore, solar panels have a sizeable effect on utility bills. Accounting for costs and related expenses, solar panels in California will save homeowners approximately \$16,251, according to the [energy commission’s official findings](#). Overall, the commission predicts residents will collectively save \$3 billion across the state.

All of this data serves as guidance for your journey to home improvement. Use it during your conversation with contractors in your area. Ask for this level of detail in your estimates and if jargon or complex wording seems confusing, ask for clarification. A trusted contractor will be glad for the opportunity to explain what everything means and, more importantly, what it specifically means to you.

When it comes to California's solar energy, for example, existing financial incentives only make it more lucrative for you to sustainably increase your property value.

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## California Solar Panels: Incentives, Rebates, and Other Savings

There are currently 188 incentives for homeowners to increase the value of their property by installing solar panels for houses in California. Find details about each program at the state's [Database of State Incentives for Renewables & Efficiency \(DSIRE\)](#). Solid contractors installing solar panels in California will be able to provide a list of applicable costs savings measures and help you navigate applying for and getting the most out of them. Learn enough to have a foundational understanding of these programs to best talk to your contractor about them once you've vetted and chosen one.

### *Property Tax Exclusion for Solar Energy Systems*

Installing solar paneling for homes will increase property value for homeowners who have invested in their houses, and California is investing right back in them. The state provides a "100 percent" tax exclusion for certain solar energy system. In other words, you're not paying taxes on any of the added value of your property. While the exclusion applies to most systems, from solar heating systems to solar roof panels, there are exceptions: "Solar pool heating systems and solar hot-tub-heating systems are not eligible," according to DSIRE.

While that could be dismaying to hot tub owners, everyone will be happy to learn this tax exemption doesn't just apply to solar panel systems, but also to the many components that could be required as part of the solar panel installation:

- Storage devices
- Power conditioning equipment
- Transfer equipment
- Parts

Notably, the tax exclusion drops from 100 percent to 75 percent for "pipes and ducts that are used to carry both solar energy and energy derived from other sources."

Find all the details at [DSIRE's profile for the program](#).

### *Net Metering*

Since 1996, if your California solar panels collect more energy than you use, you can sell your excess energy back to your energy provider.

They have to credit you for it—in other words, you are selling them the energy collected by the solar panels powering your home. And the credit has to be "carried forward to a customer's next bill at retail rate." Additionally, you can stock up on excess energy and, at the end of a 12-month period, choose between carrying it forward again or selling it back for payment. In other words, California allows residents to make cash money off of their solar investment, untied to credit with a utility provider.

Find all the details at [DSIRE's profile for the program](#).

Other California solar energy programs include city and region-specific ones:

- San Francisco
- Silicon Valley (yes, really)
- Oakland
- Long Beach
- Berkeley
- Fresno
- San Diego
- San Jose
- Santa Cruz
- Anaheim

Of course, you want to get the most out of local programs as well as federal ones, like the temporary [Residential Renewable Energy Tax Credit](#), which applies to up to 30 percent of your installation. It is important to note that this federal credit is for systems placed in service by 12/31/2019. Solar Energy International [reports](#) that a typical five-kilowatt solar system installation in September 2018 would've dropped from \$15,428 to \$10,800 after the rebate is applied—but keep in mind its value is dropping and the credit could be completely gone by the early 2020s. Consult your contractor about this and other available credits and incentives to ensure your investment in the long-term value of your property is as easy on your current assets as possible.

That's why you'll want to find a contractor you can trust—a local professional who can get the job done and assist you with navigating local policy and regulation. The [Modernize Contractor Checklist](#) will help you vet a trusted contractor, so you can relax knowing your solar panel project is in good hands.

#### BEGIN YOUR SOLAR PANEL PROJECT

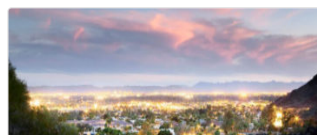
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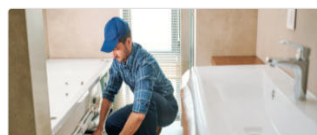
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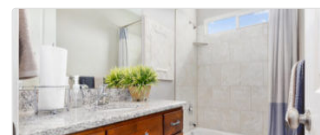
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