

GEORGE JEPSEN  
ATTORNEY GENERAL



55 ELM STREET  
P.O. BOX 120  
HARTFORD, CT 06141-0120

Office of the Attorney General  
State of Connecticut



June 6, 2016

Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue N.W.  
Suite CC-5610 (Annex B)  
Washington, DC 20580

Re: Solar Electricity Project No. P161200

Dear Commissioners:

It has come to my attention that the Federal Trade Commission will be holding a workshop on issues relating to solar distributed generation, entitled "Something New Under the Sun: Competition and Consumer Protection Issues in Solar Power." I applaud the FTC for its interest in this important issue. I enclose a copy of consumer guidance issued last year on this topic jointly by my office, the Connecticut Department of Consumer Protection, and the Connecticut Green Bank. I hope you find it useful and relevant to your efforts.

Sincerely,

George Jepsen

CT Attorney General



JONATHAN A. HARRIS  
COMMISSIONER



GEORGE JEPSEN  
ATTORNEY GENERAL



April 22, 2015

## On Earth Day, State Officials Offer Advice on Solar Energy Promotions and Installation

On Earth Day 2015, Attorney General George Jepsen, Department of Consumer Protection Commissioner Jonathan A. Harris and Connecticut Green Bank President Bryan Garcia are urging consumers to do their homework when considering whether to purchase or lease solar photovoltaic panels, also known as solar PV or solar power.

"I encourage the expanded use of clean and renewable energy sources, such as solar; however, as with any other major purchase or investment, it's critically important that consumers follow some basic precautions in deciding to purchase or lease a solar power system for their home," said Attorney General Jepsen. "Consumers should make sure they understand the terms of the deal and know who they are dealing with. They should work with only licensed contractors and reputable companies and make very sure that they know all the facts before signing a contract."

"The best way for consumers to protect themselves when an offer seems too good to be true is to do their homework," Commissioner Harris said. "Visit the Department of Consumer Protection [Web site](#) for guidance on how to choose and work with contractors installing solar PV. And, remember not to rush into a decision."

"Since 2012, more than 10,000 Connecticut households have added solar PV, with nearly half of them doing so in the 2014," Garcia said. "With summer approaching, many other homeowners in the state may be considering solar power for their homes to lower their electricity bills, take advantage of tax benefits and provide environmental benefits. The Connecticut Green Bank manages a program that helps residents reduce the cost of purchasing solar PV systems. The average residential solar power system in Connecticut costs \$32,000, and the average state and federal tax incentives are about \$11,500."

Customers considering solar PV should be aware that competition among solar contractors is intense, and in other states this has led some companies to engage in unethical behavior to sell more systems. If you are considering solar power for your house, you should proceed deliberately and cautiously and bear in mind the following tips:

1. **Get multiple itemized quotes.** Getting estimates from multiple contractors allows you to compare component and installation costs for the system size that is appropriate for your house. Make sure that the contractors that you consider are registered or licensed with the Department of Consumer Protection at <https://www.elicense.ct.gov/>. Check for complaints at 1-800-842-2649, and ask your selected contractor for references and give them a call. Choose a contractor that is trustworthy, well-respected and knowledgeable on all aspects of solar energy. Companies must be home improvement contractors to offer consumers installation contracts, and the contract must contain terms and conditions and include a three day right of cancellation. Make sure a building permit is obtained

for the installation and the municipal building official can provide installation advice to consumers.

2. **Beware of high pressure sales tactics.** Contractors should give you time to research and evaluate the costs and benefits of maintaining a system. A salesperson claiming "I can only make this offer today" is probably trying to rush you into making a decision that may be unwise. Make sure that any claims of time-limited state and federal incentives are backed up with facts.
3. **Expect realistic savings.** Solar PV contractors will often project the energy output of your solar power system to demonstrate the electricity cost savings that you will see over time. Such projections require estimations of future electricity costs that would be avoided. Beware of claims that future electricity costs will increase unreasonably or dramatically in future years, as such claims will over-state the value of a solar PV system. From 2002 to 2015, Connecticut residential utility customers saw average annual electricity cost increases of 3 percent.
4. **Don't expect a check from the utility company every month.** Residential solar systems are meant to offset – not eliminate -- your home's electricity bills. Your electric distribution company will still bill you for the monthly fixed charge for distribution-related costs and for any electricity that was provided from the grid. In some months these charges can exceed the amount of electricity that your system generates. However, your bill automatically carries forward your excess generation from the more productive summer months to apply during periods of low production.
5. **Leasing solar panels is not the same as owning them.** A solar lease acts as an encumbrance on your home. If you sell your house, the lease transfers with it, and the new homebuyer can pick up the payments as long as they meet the credit criteria for the lease terms. If a homebuyer is not interested in making the lease payments as a condition of the sale, the departing homeowner can buy out the remaining fair-market value of the lease and then include the value of the system outright in the asking price. Solar can add to a home's property value without increasing property taxes, but the added value is unlikely to exceed the cost of the system. Moreover, homeowners who lease solar PV are generally not entitled to certain credits associated with the systems. Such benefits generally go to the lessor of the solar PV system.
6. **Know the rules on tax credits and rebates.** Purchasers of solar PV systems are eligible for the federal Investment Tax Credit (ITC), which is 30 percent for the tax year in which the system is purchased. This tax credit expires after 2016. In order to claim tax credits, you must have taxable income; this means that retirees or young families may not have enough taxable income to fully realize the tax benefits. Also, this tax credit does not apply to expenses that are not directly related to your solar installation. Again, homeowners who lease solar PV are not eligible for this tax credit.  
  
Rebates are also often used as a selling point. But when a salesperson mentions a rebate, make sure you find out whether the homeowner or the contractor gets the benefit of the rebate, and whether the contractor or a third-party is authorized to issue the rebate. If the amount of the rebate is included in the homeowner's installation contract, it must be deducted from the final cost. Should a rebate not be awarded for any reason and the contractor attempts to place a lien on the homeowner's property, it would be a violation of law under the Connecticut Unfair Trades Practices Act.
7. **Do your homework on homeowners' insurance.** If you plan to own your solar PV system directly, check with your insurance agent to find out whether your system will be covered under your existing policy. The loan originator for your solar purchase may take steps to verify you have enough personal liability coverage on your homeowners' insurance policy. If you plan to lease then your system's third-party owner should provide all insurance. Make sure that you obtain a copy of the lessor's policy.
8. **Solar panels alone won't protect you from power outages.** Without a battery backup, grid-tied solar PV systems will not operate during blackouts. Battery backup systems that keep the lights on during outages are available, but tend to range in cost from \$5,000 to \$15,000.
9. **Solar PV is just for electricity.** Unless you heat your home using electricity, adding solar PV will not save money on heating costs. Different technology called "solar hot water" or "solar thermal" can heat hot water, but are

entirely separate systems that may not be eligible for many of the same incentives and rebates.

10. **Use the resources set up to assist you.** Consumers should be equipped with accurate, unbiased information when shopping around and speaking with installation companies. The state's Connecticut Green Bank - which provides residents with easy and affordable clean energy financing - created the Web site [www.GoSolarCT.com](http://www.GoSolarCT.com) as a knowledge base for everything a consumer needs to know about going solar. The site includes information on how solar technology works, equipment buyer's guides, information on maintenance and roof suitability, a portal for finding contractors that are approved for financing, and advice on what to ask when speaking with solar PV installation companies.

The EnergizeCT Web site has pricing information for all solar PV projects in the state and their system size – you can find the spreadsheet at [this link](#). Also, the Department of Consumer Protection registers home improvement contractors (the solar company) and licenses contractors who install and service solar systems – to learn more about these licenses and what each license allows, please go to [this link](#).

###

**Media Contacts:**

Office of the Attorney General:

Jaclyn M. Falkowski  
[jaclyn.falkowski@ct.gov](mailto:jaclyn.falkowski@ct.gov)  
860-808-5324 (office)  
860-655-3903 (cell)

Department of Consumer Protection:

Claudette Carveth  
[claudette.carveth@ct.gov](mailto:claudette.carveth@ct.gov)  
860-713-6022 (office)

Connecticut Green Bank:

Matt Macunas  
[matt.macunas@ctgreenbank.com](mailto:matt.macunas@ctgreenbank.com)  
860-257-2889 (office)  
860-614-1212 (cell)

**Consumer Inquiries:**

860-808-5318  
[attorney.general@ct.gov](mailto:attorney.general@ct.gov)  
Facebook: [Attorney General George Jepsen](#)  
Twitter: [@AGJepsen](#)

Content Last Modified on 4/22/2015 9:59:41 AM