Solar for Auto Dealerships
Drive Savings, Win Customers

Ryan Ferrero
National Auto Dealer Manager
SunPower
Ryan.Ferrero@sunpower.com
970.214.4433
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Agenda

Energy Challenges and Solutions

Is Solar Right for My Dealership

Key Decisions to Consider

What to Expect

Key Takeaways
Introduction

• You may have considered solar in the past and it didn’t pencil out. It’s time to look again.

• Rooftop solar is fast-becoming standard equipment for car dealerships

• Move your Electricity Bill from Fixed to Variable
Energy Challenges and Solutions
The Rising Cost of Energy

According to NADA:

- On average, auto dealerships use 18% more energy than typical office buildings.
- Energy is usually a dealership’s 3rd highest overhead expense.
- Dealerships are increasingly preparing for higher energy use due to on-lot EV charging stations.

Average retail electricity rates from 1990-2019:

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Price (U.S. cents per kilowatt hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>6.57</td>
</tr>
<tr>
<td>1995</td>
<td>6.89</td>
</tr>
<tr>
<td>2000</td>
<td>6.81</td>
</tr>
<tr>
<td>2005</td>
<td>8.14</td>
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<td>2006</td>
<td>8.9</td>
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<td>2007</td>
<td>9.13</td>
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<td>2008</td>
<td>9.74</td>
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<td>2009</td>
<td>9.82</td>
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<td>2010</td>
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<td>2011</td>
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<td>2012</td>
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<td>2013</td>
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<td>2015</td>
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<td>2016</td>
<td>10.22</td>
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<tr>
<td>2017</td>
<td>10.48</td>
</tr>
<tr>
<td>2018</td>
<td>10.53</td>
</tr>
<tr>
<td>2019</td>
<td>10.6</td>
</tr>
</tbody>
</table>
Your Roof Can Become a Profit Center

• Solar can help your dealership
  • Reduce operating costs
  • Hedge against recession or fluctuations in profitability

• The untapped savings from solar is equal to 2-3 more vehicles sold per month – yes, that’s each month for decades!

Most dealerships have large, flat rooftops that are ideal for solar
Is Solar Right for My Dealership?
Decipher Your Bill in 60 Seconds

- Solar design based on your energy bill
- Electricity Offset
- Reduction in Operating Costs
Why Now?
It’s good for the bottom line

Typical cash flow gains in Year 1 (and accumulated savings for decades)

26% federal investment tax credit (ITC) Entrepreneurial Dealers are paying attention

Significant new tax deductions may apply based on the Tax Cuts and Jobs Act of 2017
Case Studies
Luther Auto Group (Minneapolis, MN)

Quick Facts

- 454 kW rooftop total system size
- $45,100 estimated annual savings
- $2.1 million projected 25-year savings

“Solar just makes good business sense in today’s energy environment.”

- Linda McGinty, VP of Real Estate
“Electricity represents a large monthly expense for us and solar helps reduce that expense exponentially.”

– Dan Covert, Sales Manager
Boulder Nissan (Boulder, CO)

“Customers are choosing us over the competitors. Our solar project is actually gaining us customers.”

– Ted Christiano, General Manager

Quick Facts

- 50.25 kW total system size
- $88K gross ROI in year 1, cash flow positive on day 1
- 67% approximate electricity offset (LED + solar)
Fitzgerald Auto Mall (Gaithersburg, MD)

Quick Facts
- 890 kW total system size
- $258K estimated first year savings from solar ($5.2M over life of system)
- 83% approximate electricity offset

“The solar canopy on the parking garage just made sense for us. Customer’s cars and inventory are shaded while the panels generate energy on site. It’s a win-win...”

- Jack Fitzgerald, Founder & Chairman
Showroom Kiosk
Key Decisions to Consider
What’s Best for Your Location?

**Rooftop**
- Capitalize on unused space
- Fast installation with minimal disruption to your operations

**Carport**
- Protection from the elements
- Marketing advantages
- Options include EV charging, lighting
# Financing Options

<table>
<thead>
<tr>
<th>Cash Purchase</th>
<th>Lease</th>
<th>PACE Financing</th>
<th>Power Purchase Agreement (PPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-time cost</td>
<td>Zero or low upfront cost</td>
<td>No upfront costs with positive cash flows on day one</td>
<td>No upfront capital cost</td>
</tr>
<tr>
<td>Own the system hardware</td>
<td>Hardware owned by third party; buyout option during and at end of term</td>
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<td>Hardware owned by third party; buyout option during and at end of term</td>
</tr>
<tr>
<td>Payments are made during installation</td>
<td>Recurring payment for hardware lease + any remaining electricity costs</td>
<td>Long-term, fixed-rate financing paid through property tax bill</td>
<td>Payments for solar-generated electricity at a predetermined rate per kWh consumed</td>
</tr>
</tbody>
</table>
Cash vs. Finance

Both cash and finance introduce significant Year 1 cash flow with long-term savings. Cash maximizes payback, financing maximizes working capital.

**True Zero Down Financing**

1. $299K in total lease payments with zero buy out; ITC is taken by the financier.


3. Solar savings start immediately, effectively reducing the monthly payment to $1,121/mo. This means a $350k system has a net cost of $108k.

4. This $350k system has a net cost of $108k – AND - at the end of the lease, continue to save a total $798,657 in ongoing energy savings.
Your Own Power Company

- Many now opt to create a dedicated LLC, similar to F&I reinsurance concepts.
- LLC shareholders may stand to best benefit from incentives and have tax appetite.
- LLC owns the solar system and sells the energy generated back to the store, creating decades of passive revenue.
- Effective opportunity with potential Buy/Sell activity.
Tax Incentives
Take advantage of available subsidies and incentives

Federal incentive programs

- **Solar Investment Tax Credit (ITC):** 26% federal income tax credit for solar on residential and commercial projects*

- **Modified Accelerated Cost Recovery System (MACRS):** Tax credit for corporations equivalent to annual depreciation of solar system area

There are also state and local incentives

Tax credits subject to change. SunPower does not warrant, guarantee or otherwise advise its partners or customers about specific tax outcomes. Consult your tax advisor regarding the solar tax credit and how it applies to your specific circumstances. Please visit the dsireusa.org website for detailed solar policy information.
Choosing the Right Partner

SunPower is #1 in U.S. commercial solar three years running


Powering more than 150 U.S Government Agencies and National Economy

1,200+
U.S. SunPower Employees
including engineers, researchers, operations, customer support and more.

14,000+
U.S. Dealers and Dealer Employees
in small businesses that boost local economies in 50 states.

Major U.S. Offices
- Austin, TX
- Boston, MA
- Portland, OR
- Richmond, CA
- San Jose, CA
Choosing the Right Partner

SunPower SunShift Rebate Program

- Custom landing page for your marketing
- $100 rebate for each customer that receives a solar evaluation
- $1000 rebate for your customers that go solar with SunPower

SunPower NADA Alliance Program

- $2000 rebate for NADA members who install solar at their dealership
- $500 donation to NADA Foundation
What to Expect
Process

01
We’ll provide a no cost feasibility analysis for NADA members based on 12 months of your dealership’s trailing utility bills

02
Your analysis will include all tax incentives and subsidies, and detail the options unique to your store so you’ll be able to make an informed decision

03
We’ll explain all the variables in your solar proposal that impact ROI

For no cost feasibility analysis, scan & email your utility bills to Ryan.Ferrero@SunPower.com
Example of Feasibility Analysis

<table>
<thead>
<tr>
<th>General Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar PV Equipment Description</td>
</tr>
<tr>
<td>Solar Panels: (229) SunPower SPR-X22-360-COM</td>
</tr>
<tr>
<td>Inverters: (1) Delta Energy Systems M80U</td>
</tr>
<tr>
<td>Solar PV Equipment Typical Lifespan</td>
</tr>
<tr>
<td>Solar Panels: Greater than 30 Years</td>
</tr>
<tr>
<td>Inverters: 15 Years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solar PV System Cost And Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar PV System Cost: $185,490</td>
</tr>
<tr>
<td>REC: -$9,978</td>
</tr>
<tr>
<td>Federal Tax Credit: -$55,647</td>
</tr>
<tr>
<td>Federal - 100% Bonus Depreciation: -$33,110</td>
</tr>
<tr>
<td>Net Solar PV System Cost: $86,755</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solar PV System Rating</th>
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</thead>
<tbody>
<tr>
<td>Power Rating: 82,440 W-DC</td>
</tr>
<tr>
<td>Power Rating: 75,429 W-AC-CEC</td>
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<table>
<thead>
<tr>
<th>Energy Consumption Mix</th>
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</thead>
<tbody>
<tr>
<td>Annual Energy Use: 135,000 kWh</td>
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</table>

<table>
<thead>
<tr>
<th>Cash Purchase</th>
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</thead>
<tbody>
<tr>
<td>Total Investment: $185,490</td>
</tr>
<tr>
<td>Rebates and Incentives: $98,735</td>
</tr>
<tr>
<td>Net Investment: $86,755</td>
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<tr>
<td>30 Years Electric Bill Savings: $581,636</td>
</tr>
<tr>
<td>30 Years Net Present Value: $164,651</td>
</tr>
<tr>
<td>30 Years Solar Cost of Energy: $0.029/kWh</td>
</tr>
<tr>
<td>30 Years Utility Cost of Energy: $0.200/kWh</td>
</tr>
</tbody>
</table>
Questions?
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Carport Kit with EV Charging
Appendix

Add Helix Roof
More power same space
Staying power