

## Developers not yet seeing green on solar rooftop systems

by Tania Anderson

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The state of Maryland recently announced financial incentives to cover the cost of solar-powered rooftop systems to generate energy for commercial buildings.

But real estate developers say the cost of these systems and a slow return on investment are still holding them back from using the sun for energy and hot water. They also don't have many clients asking for this type of green — not yet, at least.

The Maryland Energy Administration's \$1.45 million incentive program covers solar photovoltaic systems, which turn sunshine into electricity, and solar water heating systems, which use the sun to supplement the work of natural gas and electricity to heat water. A commercial building could get a \$500 rebate for every kilowatt of photovoltaic capacity installed for 20- to 100-kilowatt systems, up to \$50,000. Buildings with solar hot water systems could get 15 percent of the cost covered up to \$25,000.

The cost of these systems depends on various factors, including the size of the building. Justin Schaub, director of sustainability for Columbia-based St. John Properties, has been researching the cost of installing photovoltaic systems and estimates they run several thousand dollars per kilowatt hour, a significant investment. But he says federal and state programs that offset some of the price are helpful.

"The incentives are the only reason why I'm looking into it," he says. "They help make it work."

A rooftop system would still require electricity from a traditional source, which means the building could reduce its use of the electrical grid but would still rely on it for most of its energy needs. The roof has to be large enough to hold the equipment and the building has to be structurally sound.

State officials say at least 20 buildings in Maryland have mid-size photovoltaic systems, but residential is still far more popular, with more than 400 systems installed on houses. Cost is by far the biggest hurdle state officials face in getting more installed, said Christina Twomey, a spokeswoman for the Maryland Energy Administration. These systems can run about \$100,000 for an office to more than \$600,000 for a manufacturing plant, experts say. And getting banks to fund the technology has been a challenge.

"The banking industry is very reluctant to jump into something that's uncharted territory," she said. "We're hoping the incentive program can move it from being sluggish."

Commercial real estate players, however, say Maryland isn't offering the type of incentives that some states, including New Jersey, are giving. The Garden State boasts more than 4,175 solar photovoltaic systems, whose installation was encouraged by incentives that covered up to 70 percent of the cost.

The return on investment takes at minimum 10 years to see, according to developers.

"It's well over the horizon of what most business people would see as a good investment," said Peter Garver, president of Baltimore-based Garver Development, which offers development, owner representative and design management services.

Some say what will really get the systems off the ground is when developers can find a way to sell the credits they earn from using less energy.

"There's going to be a market for these energy tax credits much like historical tax credits," says Joe Rode, executive vice president of Mullan Contracting Co., a Lutherville-based construction management and general contracting firm. "Developers don't go green because they're environmentalists, they go green because it pays them money."



St. John Properties Director of Sustainability Justin Schaub