Solar Energy & Maryland Law
What you need to know

In 2008, the Maryland General Assembly amended the Maryland Real Property Code to prohibit land use covenants, typically by homeowners or condo associations, that impose unreasonable restrictions on the installation of solar energy systems outside of specifically designated historic districts.

Maryland law prohibits any restrictions that (1) significantly increase the cost of a solar system, and/or (2) significantly decrease the system’s efficiency. If you feel your HOA imposes unreasonable restrictions on solar installation, we recommend you consult with your local planning commission.

Historic districts can still place restrictions on whether solar panel systems can be installed on homes located in that District. The Montgomery County Planning Commission has developed guidelines to allow for solar, as has the

“As of 2015, 194 solar companies operate in Maryland: 14 manufacturers, 2 manufacturing facilities, 99 contractor/installers, 18 project developers, 8 distributors and 55 engaged in other solar activities including financing, engineering and legal support.”

Ensuring Integrity in our Marketplace

If you have been a victim of these scams, or if you have any questions about a merchant’s activities, please contact the Office of Consumer Protection.

100 Maryland Avenue
Suite 330
Rockville, MD 20850
Main: 240.777.3636
Tip Line: 240.777.3681
Fax: 240.777.3768

You can also file a complaint online by clicking HERE
National Alliance for Preservation Commissions.

Neighborhoods have banded together to create solar co-ops in Montgomery County. There is a deadline of September 30, 2016 to join.

For those who opt into solar power systems, you should know that a combination of federal tax credits, and incentives from utilities and states may make the option economical. But keep in mind that the federal tax credits are currently set to expire in 2021.

With an estimated 194 solar-related companies operating in the State of Maryland, the question posed by and to consumers is whether these solar plans are right for them, and, if so, which company should they choose. Below are some guidelines and tips when evaluating solar plans and providers. You can also view the OCP’s Consumer Alert.

*Are Solar Panels Right For You?*

**Do’s and Don’ts**

Solar Panel costs have dropped significantly in the last 5 years. And for those who are still priced out of the market, consumers can refer to a database of grants and rebates which may exist in their area to help pay for the cost.

Purchasing is promoted as the best payback and best rate of return over the lifespan of the system. While there is a psychological reward of eliminating most of the monthly electric bill, the homeowner has to provide the cost of installation, and is responsible for maintenance and certain repairs if needed. Loans might be available for solar installations, and can bridge the gap until the tax credit arrives, but loans only make sense depending on the interest rates.

Some companies will cover the entire installation cost in exchange for agreeing to purchase power from them (Power Purchase Agreements) for a certain number of years. Most will actually allow the homeowner to buy the depreciated system outright after the term of the contract. However, these terms are often decades long, may not be terminated, may not be transferrable when the home is sold, and the system may be obsolete or of low value by the time the purchase rights mature.

There are also in-between options, where you pay the system leasing costs up front for a number of years.

The time it takes for a solar array to pay for itself depends on a number of factors including the amount of energy generated, the pricing structure of your contract, the power conversion options chosen, and the rates charged by your utility.
But now that you have made the decision to go solar, **what do you need to know?**

- **Pre-plan.** Make sure your roof is a **good site** for solar and in good condition. Review your electric bill and use reputable online calculators (and not referral services disguised as calculators). The [Department of Energy](https://www.energy.gov) provides such a calculator. Finally, make sure your homeowners’ policy covers solar energy systems.

- **Pull Permits.** Since the installation is considered a home improvement project, permits must be obtained before work can begin.

- **Check Licensing.** Make sure your installers are properly licensed by the [Maryland Home Improvement Commission](https://www.mhic.org), insured and (as needed) certified. Many consumers consult not only a roofer, but an electrician and plumber before the installation is complete.

- **Get Recommendations.** Ask friends and neighbors who installed their system and if they were pleased with the process and financial results. But be aware that they may have financial incentives to refer you.

- **Get Quotes.** You should get three quotes. However, be aware that each installer may select a different system and set-up meaning you may not have an “apples to apples” comparison. Also compare warranties and maintenance plans.

- **Do Your Homework.** Make sure you research the bidders and the bids themselves. Sometimes companies will make unrealistic or overly optimistic estimates of time and payback periods. Ask how long it will take to make repairs and who is obligated to pay the electricity bill while the system is out of order. Finally, ask if they will put a lien on your home to ensure your payment.

- **Purchase v. Lease v. PPA.** The benefits of a lease or PPA over purchases are lower upfront costs. However, some leases and PPAs require long-term contracts and sizeable down payments in exchange for low monthly payments. If you opt for a lease or PPA, watch out for large annual increases and ask how long you are locked in to a lease.

- **Minimum power?** Note references to the minimum power a system will produce each month and, if it doesn’t create that amount, how credits will be apportioned to your monthly bill.