

# EXAMPLE PV FINANCIAL REPORT

## GENERATION

The system is expected to generate 5074 kWh per year initially, decreasing gradually as the solar cells degrade. Over the 25 year term of this financial projection the total generation is expected to be 119224 kwh, of which 61062 kWh will be consumed on site and 58162 kWh exported.

**119 MWh**

## PAYBACK

After adjusting projected costs and benefits for inflation, and applying a discount rate of 4%, the initial system cost of £9,999.00 is expected to be recouped after 7 years.

**7 years**

## NET PRESENT VALUE

The total present value of future benefits and costs, using a discount rate of 4% per year, is £36,944.08. The cost of the PV system is £9,999.00. The net present value of the project is therefore £26,945.08. A positive net present value is a good indication that the project is financially worthwhile.

**£26945.08**

## IRR

The Internal Rate of Return is a useful measure for comparing the relative profitability of investments.

**16.7%**

## DISCLAIMER

Our financial model calculates the benefits of a solar PV installation (such as savings in electricity, or payments for exported electricity) and costs (the initial purchase cost, and any future maintenance costs if entered), over the projected lifespan of the system. Values are corrected for inflation, system degradation, and discount rate - a measure that accounts for the fact that a promise of a monetary sum in the distant future is usually considered less valuable than the promise of the same sum in the near future.

A model is only as accurate as the assumptions it makes. You should consider whether the values chosen are appropriate for your situation. There are many variables that dictate the financial return of a solar installation and we cannot forecast how they may change in the future. This financial projection shows a likely scenario for future financial returns. Actual returns may vary significantly from this forecast.

## ASSUMPTIONS

<b>Inflation rate</b>	<b>5%</b>
<b>Cost of electricity</b>	<b>£0.5 /kWh</b> increases with inflation
<b>System size</b>	<b>5.6 kWp</b> degrades at 0.5% per year
<b>Discount rate</b>	<b>4%</b>
<b>Projection length</b>	<b>25 years</b>

# INCOME AND SAVINGS

The projected income from the system over the project lifetime in payments for generated and exported electricity, along with electricity savings, are shown in the table and graph below.

These figures assume an inflation rate of 5 percent.

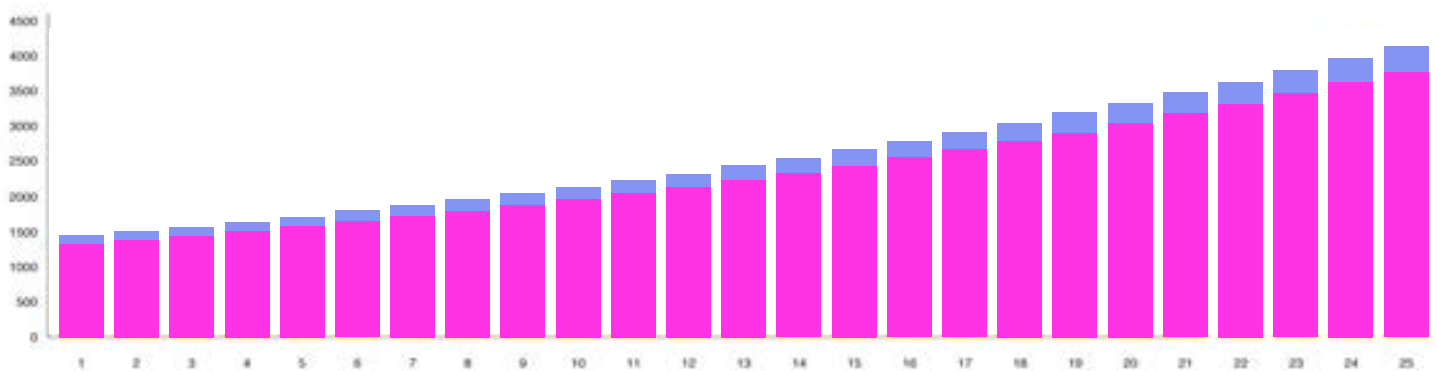
## TOTAL EXPORT PAYMENTS OVER 25 YEARS

**£5620**

## ELECTRICITY SAVINGS OVER 25 YEARS

**£59003**

	EXPORT PAYMENTS	ELECTRICITY PAYMENTS	TOTAL
Year 1	127	1329	1455
Year 2	132	1388	1520
Year 3	138	1450	1588
Year 4	144	1515	1659
Year 5	151	1583	1734
Year 6	158	1654	1811
Year 7	165	1728	1892
Year 8	172	1805	1977
Year 9	180	1886	2065
Year 10	188	1970	2158
Year 11	196	2058	2254
Year 12	205	2150	2355
Year 13	214	2247	2461
Year 14	224	2347	2571
Year 15	234	2452	2686
Year 16	244	2562	2806
Year 17	255	2676	2931
Year 18	266	2796	3063
Year 19	278	2921	3200
Year 20	291	3052	3343
Year 21	304	3189	3492
Year 22	317	3331	3649
Year 23	332	3480	3812
Year 24	346	3636	3983
Year 25	362	3799	4161



## THE BOTTOM LINE

The table and graph below show the discounted costs for the project (including the initial capital required for the installation), against the total discounted benefits from income and savings on electricity bills.

The system pays for itself in 7 years.

	DISCOUNTED BENEFITS	CUMULATIVE BENEFITS	DISCOUNTED COSTS	CUMULATIVE COSTS	CASHFLOW
<b>Year 1</b>	1426	1426	0	9999	<b>1455</b>
<b>Year 2</b>	1430	2856	0	9999	<b>1520</b>
<b>Year 3</b>	1434	4291	0	9999	<b>1588</b>
<b>Year 4</b>	1439	5729	0	9999	<b>1659</b>
<b>Year 5</b>	1443	7172	0	9999	<b>1734</b>
<b>Year 6</b>	1447	8619	0	9999	<b>1811</b>
<b>Year 7</b>	1451	10071	0	9999	<b>1892</b>
<b>Year 8</b>	1456	11526	0	9999	<b>1977</b>
<b>Year 9</b>	1460	12987	0	9999	<b>2065</b>
<b>Year 10</b>	1464	14451	0	9999	<b>2158</b>
<b>Year 11</b>	1469	15920	0	9999	<b>2254</b>
<b>Year 12</b>	1473	17393	0	9999	<b>2355</b>
<b>Year 13</b>	1477	18870	0	9999	<b>2461</b>
<b>Year 14</b>	1482	20352	0	9999	<b>2571</b>
<b>Year 15</b>	1486	21838	0	9999	<b>2686</b>
<b>Year 16</b>	1491	23329	0	9999	<b>2806</b>
<b>Year 17</b>	1495	24824	0	9999	<b>2931</b>
<b>Year 18</b>	1499	26323	0	9999	<b>3063</b>
<b>Year 19</b>	1504	27827	0	9999	<b>3200</b>
<b>Year 20</b>	1508	29335	0	9999	<b>3343</b>
<b>Year 21</b>	1513	30848	0	9999	<b>3492</b>
<b>Year 22</b>	1517	32365	0	9999	<b>3649</b>
<b>Year 23</b>	1522	33887	0	9999	<b>3812</b>
<b>Year 24</b>	1526	35413	0	9999	<b>3983</b>
<b>Year 25</b>	1531	36944	0	9999	<b>4161</b>

