

Revving Up Revenue: The Road Ahead for New Jersey Auto Dealerships Is Paved With Profit Through Solar Energy



HARNESSING SOLAR ENERGY FOR A SUSTAINABLE FUTURE IN AUTO DEALERSHIPS

Auto dealerships are reaping the economic and environmental benefits of installing solar as energy inflation rises uncontrollably. The electricity demand continues to grow as auto dealers feature more electric vehicles (EVs) in their showrooms.

Most auto dealerships consume more energy than typical office buildings as a result of expansive, hyper-lit parking lots, computer use, glass walls, high ceilings, and machinery. The need for a sustainable energy solution is evident for dealerships nationwide – with consumer expectations of corporate sustainability goals and bottom lines at play, is solar energy practical for auto dealerships in New Jersey? To answer that question, this guide takes a deep dive into the challenges, risks, rewards, and real-life solutions, ultimately paving the road for solar energy in auto dealerships.



ROI ANALYSIS AND FINANCIAL INCENTIVES



A swift return on investment (ROI) and lower energy bills top the list of reasons why auto dealerships continuously turn to solar. Annual savings make solar energy a low-risk investment that adds to revenue streams and boosts bottom lines.

Commercial solar energy systems typically boast 3-4 year ROIs, thanks to the multiple federal and state incentives that significantly mitigate the upfront payment. The Inflation Reduction Act (IRA) and the current combination of the 30% Federal Solar Tax Credit (ITC), New Jersey State Renewable Energy Credits (SRECs), Accelerated Depreciation, REAP Grants, and Net Metering make now an optimal time to switch to solar. Once the system turns on, monthly electric bill savings begin. In fact, when one considers all these incentives and credits, the upfront payment for auto dealers to go solar can be surprisingly low.

When dealerships produce their own solar power, they're no longer dependent on the utility company or affected by rate hikes (like the increase New Jersey residents experienced in June 2023). Choosing solar ensures car dealerships enjoy predictable and low monthly electric bills and, as a result, increased profits.

FEDERAL INCENTIVES



30% Federal Solar Tax Credit

The 30% Federal Solar Tax Credit is one of the most impactful incentives mitigating the upfront cost of solar energy for auto dealerships. This dollar-for-dollar tax credit lets dealerships take a one-time 30% tax deduction from the installation cost – including engineering, system parts, and labor. The credit increased from 26% to 30% with the passage of the Inflation Reduction Act.



Modified Accelerated Cost Recovery System (MACRS)

Another significant federal incentive is the Modified Accelerated Cost Recovery System (MACRS) – a depreciation program that allows businesses to decrease their solar energy costs over five years. Initially established in 1986, the MACRS program is a depreciation method whereby businesses can recover investments in specific tangible property for tax purposes over an outlined period via annual deductions.



Depreciation Deduction

Auto dealerships investing in solar can leverage the valuable benefit of depreciation deduction. Solar systems are considered property assets, and their basis is determined at 87% of the total purchase price. As a result, a significant portion of a dealership's initial investment can be deducted from its commercial taxable income.

The substantial financial advantage allows auto dealers to reduce their taxable liability. Solar contributes to environmental sustainability and offers a practical and cost-effective strategy to manage finances more efficiently in the long run.



Rural Energy for America Program (REAP) Grants

A lesser-known fact is that many New Jersey auto dealerships could qualify for a Rural Energy for America Program (REAP) Grant if they operate in a town with fewer than 50,000 residents. REAP grants provide additional funding for qualified businesses to install solar energy systems.

STATE INCENTIVES



State Renewable Energy Credits (SRECs)

The New Jersey State Renewable Energy Credit (SREC) recently transitioned from the fluctuating, market-driven incentives of its successor solar incentive (SuSI) program. This program gives credit for a fixed dollar amount for every 1,000 kWh of clean energy a solar system produces. The commercial – rooftop, ground mount, or carport – SuSI amount recently increased to \$110 per credit for systems under 1 MW.



Tax Exemption

The benefits keep running – another perk of choosing commercial solar in New Jersey is that system components aren't subject to state tax. Auto dealerships can make an exempt capital improvement that decreases monthly overhead and increases property value.



Net Energy Metering

Once systems are up and running, New Jersey allows Net Energy Metering (NEM). This billing arrangement involves tracking excess electricity from solar panels. The value is reflected on the monthly utility bill as a credit. If solar systems produce more energy than an auto dealership consumes, the surplus returns to the grid and will offset any power purchased from the utility.



New Jersey Master Energy Program

Additionally, New Jersey ranks among the top 10 states for solar incentives. New Jersey Governor Phil Murphy's ambitious Master Energy Plan paved the road to powering the Garden State with clean energy by 2050. Lucrative state incentives empower businesses to choose solar to reach this goal.

AN AFFORDABLE LONG-TERM INVESTMENT

Any one or combination of these incentives makes solar energy an affordable long-term investment. As a natural solution for dealerships constantly fighting against the rising cost of electricity, solar is a safe investment in today's economy with guaranteed returns. It's fiscally responsible, aligns with the increased demand for corporate sustainability, and yields the additional benefit of a responsible brand image.



THE CASE FOR SOLAR ENERGY IN AUTO DEALERSHIPS



Consumers are increasingly aware of their carbon footprint. As a result, they're more likely to choose companies that market themselves as sustainable and environmentally aware. Businesses with active sustainability goals and practices are king in consumers' eyes.

Enacting attainable environmentally friendly initiatives can help improve a brand's image and increase customer loyalty. As a bonus, auto dealerships support the rising popularity of electric vehicles by choosing solar or installing EV charging stations.

As we continue shifting toward a greener future, auto dealerships stock more electric vehicles than ever. But, with the increasing number of EVs rolling onto showroom floors, dealerships face escalating operational costs for a sector that consumes more energy than most others.

Many auto dealerships in New Jersey have successfully turned to solar, garnering the sun's natural energy to offset their monthly utility expenses. Whether a rooftop or carport installation, dealerships can reduce their carbon footprint, meet customer expectations, and save money on electric bills.

OVERCOMING CHALLENGES AND MITIGATING RISKS

Although inflation is problematic for several industries, auto dealerships are the most susceptible. The slowing supply of vehicle inventory, high interest rates, and the ever-rising cost of electricity make staying afloat more challenging than ever. Added to the mix are EVs, requiring even more energy consumption with every charge. Not to mention, showrooms, parking lots, and service stations must remain well-lit, further slashing dealership profitability.

Those who embrace solar energy to increase profitability can reap financial benefits:

- ✓ Decreased bottom line
- ✓ Predictable monthly utility bills
- ✓ Investing in their business with guaranteed ROI
- ✓ Distinguish their brand on sustainability practices



However, common roadblocks to auto dealership profitability have a single, cost-effective solution: solar energy.

Decreased Bottom Line from Utility Inflation

Generating electricity on-site means auto dealerships no longer rely on fluctuating power grid pricing. Installing commercial solar gives auto dealerships dramatically reduced utility bills and increased profitability – regardless of inflation.

Unpredictable Utility Bills Make Long-Term Fiscal Planning Difficult

Precise annual budgeting is increasingly difficult for car dealerships, as electric bills are a significant factor in operating costs. However, solar provides a predictable monthly utility bill, making energy usage a steady and reliable line item.

Once a dealership switches to solar, it'll be more energy-independent and less affected by utility rate hikes. As a result, accurate forecasting and predictable monthly savings boost an auto dealer's bottom line.

The Need for Safe Investments

Whatever the state of the economy, a solar system increases property value. This increased value from solar installation is tax-exempt. As a result, solar is a safe investment with a significant ROI (typically within 2-3 years) and adds tax-exempt value to commercial properties.

Ultimately, solar energy allows auto dealerships to invest in themselves. Most commercial property appraisers now include solar systems when estimating value. Choosing to sell the property allows dealers to take the profit at the time of sale or retain ownership of the system and sell the energy to the new owner for profit.

Distinguishing a Dealership from Competitors

Since car buyers are increasingly aware of sustainable practices and expect businesses to operate accordingly, they're more likely to choose those who prioritize it. Auto dealerships demonstrate their commitment to a cleaner future and appeal to a broader range of consumers by installing solar. It can power a dealership, brand it sustainable, grow a customer base, and increase loyalty.

TAILORING SOLAR SOLUTIONS TO AUTO DEALERSHIPS

Commercial solar solutions are safe, long-term investments. Whether the market is Bear or Bull, a solar solution will produce clean energy – whatever the numbers are at the closing bell.

Commercial solar panels are built to last 25-40 years, offering a long-term, stable energy source for decades. Solar energy experts tailor solutions to each business, maximizing output and strengthening bottom lines. Revving up revenue has never been easier for auto dealerships, thanks to the following:

- **Rooftop installations:** Spacious rooftops can easily accommodate solar panels, offering a clean and renewable energy source. What's more, the panels also serve as a protective layer, prolonging the roof's lifespan.
- **Parking lot solar energy canopies:** Parking lot solar energy canopies offer shaded spaces for employees and customers while hosting solar panels. They can be functional and aesthetically pleasing, adding to a dealership's curb appeal.
- **Integration with EV chargers:** Dealerships are increasingly adding EV chargers to their operations with the rise of electric vehicles. Commercial solar power helps balance the extra energy from chargers and creates a self-sufficient energy source.

CASE STUDIES GEARED TOWARD SOLAR SUCCESS

Three forward-thinking dealerships – Kindle Automotive, ACE Ford, and Burke Motor Group – embraced solar energy solutions, revolutionized their operations, and redefined sustainability in the automotive industry.



KINDLE AUTOMOTIVE

Kindle Automotive in Cape May Courthouse, NJ, switched to solar energy to align with its commitment to sustainability. They seamlessly integrated carport solar in their vast parking lot, reduced operational costs, and elevated their brand as eco-conscious.

- 781,389 lbs of CO2 removed from the atmosphere
- 5,861 trees planted
- 908,604 miles taken off the road

ACE FORD

In Woodbury, NJ, ACE Ford recognized the need for sustainable practices to meet evolving consumer demands. Their strategic adoption of solar showcases how the initiative optimized operational efficiency and positioned them as a community leader in environmental stewardship.

- 505,871 lbs of CO2 removed from the atmosphere
- 3,794 trees planted
- 588,230 miles taken off the road



BURKE MOTOR GROUP

Burke Motor Group of Cape May Courthouse, NJ, transformed their energy consumption with solar. As they capitalized on commercial solar solutions to enhance their bottom line, they fostered a green atmosphere with every sale.

- 655,945 lbs of CO2 removed from the atmosphere
- 4,920 trees planted
- 762,737 miles taken off the road



THE ROAD AHEAD LOOKS BRIGHT FOR AUTO DEALERSHIPS

This guide illuminates the compelling case for solar energy in auto dealerships. Tailoring solutions to each business unlocks a treasure trove of benefits - from substantial savings to enhanced brand image. Additionally, the robust ROI reveals a roadmap to long-term profitability that extends beyond the initial investment.

Kindle Automotive, ACE Ford, and Burke Motor Group exemplify success and demonstrate the real-life rewards of choosing solar. These trailblazers have reduced their carbon footprint and solidified themselves as sustainability leaders in the automotive industry.

Although navigating the switch to clean energy isn't without its challenges, overcoming obstacles is possible with the assistance of expert solar companies. Addressing concerns at face value and leveraging federal and state incentives allow dealerships to turn roadblocks into opportunities.

As the automotive industry accelerates toward a cleaner, brighter future, switching to solar isn't merely an investment - it's required for positive change and securing a competitive edge. Profitability and environmental responsibility can coexist for auto dealerships, thanks to solar.



For more information on solar energy for Auto Dealerships or to get started now, contact Geoscape Solar:

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GeoscapeSolar.com

Can your Auto Dealership benefit from Solar Energy? Take our 1 mn. Quiz and find out:

