



Solar Financing Continues to Evolve as Manufacturer Upsolar Gets into Loans

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Vertical integration is coming to the solar business, and it's moving fast, as we saw with the big news last month that SolarCity, the country's largest solar installer, [purchased solar module manufacturer Silevo](#) for \$200 million. With that acquisition — framed around



SolarCity's need for immediate access to lots of solar panels so it can continue its rapid expansion — SolarCity became a one-stop shop for manufacturing, sales, installation and operations and maintenance.

But SolarCity is not the only company that's eyeing the benefits of keeping as much of the solar installation process in house as possible. At the Intersolar conference last week, I had the chance to talk with Stephane Dufrenne, the CTO and president of [Upsolar America](#).

Dufrenne spoke about Upsolar's history, starting in 2006 when the company was founded, and we discussed the challenges that solar manufacturers in particular have faced in the past eight years. That's when Dufrenne mentioned that Upsolar America had just soft-launched a solar financing program intended to give the firm another way to grow its business.

"As a module supplier, for the residential market ideally we'd sell our modules and be done," Dufrenne explained, "but financing is key [to expanding solar adoption], so we are offering to the market our own financial solutions to homeowners."

Upsolar's [Energy Freedom Loan](#) is currently being tested in Arizona — one of the hottest solar markets in the U.S. despite the anti-solar policies of some of the Grand Canyon State's utilities — but Dufrenne said that the company plans to expand it to all 50 U.S. states and Puerto Rico.

The new financing push is a step in the direction of vertical integration for Upsolar — they'll now offer the module manufacturing and financing aspects of the solar lifecycle — but the company will continue to rely on trusted installers to put the panels on roofs, as well as other manufacturers to provide the balance-of-system elements of a home solar system.

It's also important to note that Upsolar is offering a loan, not a lease. When I asked Dufrenne if this was a sign that solar leasing may have a limited lifespan, he offered a more nuanced view.

"Ownership is a big draw — it makes big sense [for homeowners]," Dufrenne said. "But it's not an established option. Distributed generation grew up through leasing, but now it's time to expand with more options."

Innovations in solar leasing — led by SolarCity, which Dufrenne describe as having "locked up" the lease market — are widely responsible for the incredible growth of home solar in the U.S. since 2009. But leasing came up repeatedly during the Intersolar conference last week (we'll have several posts on solar financing in the coming days), and much of the discussion centered around what happens when homes with leased solar systems go up for sale.

Given that the average U.S. homeowner moves every 5-7 years, homeowners who leased panels during the solar boom of the last five years are starting to put their homes on the market. The industry is due to find out quite soon if the fears spurred by [a report from Bloomberg](#) late last month are grounded in reality.

In addition to the ongoing debate about leasing vs. owning, the other grim reality of today's solar business is the trade war underway between China and the U.S., which is likely to [raise prices for solar panels](#) imported from China.

For Upsolar, that's another area of competitive advantage. Dufrenne explained that, due to Upsolar's structure, they "have the ability to adapt quickly to the political dynamics...and we can bring our modules into the U.S. without tariffs — none of our competitors can do that."

Though the tariff dispute is still underway — a final decision from the U.S. Department of Commerce is likely coming this month — Dufrenne said this flexibility gives his company an edge.

"Even if the tariff lasts only 18 months or two years, that's a long time — look at where the solar market here was two years ago," Dufrenne said.

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