

## SolarTech Power Solutions

# Cost structure of solar panels



## Overview

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While the upfront costs of solar panels have dropped by over 70% in the past decade, a comprehensive lifecycle analysis includes several key components: initial purchase and installation (\$15,000-\$25,000 for an average home system), ongoing maintenance (roughly \$300-500 annually), inverter replacement (typically needed once during the system's lifetime), and eventual decommissioning costs. How much does a home solar system cost?

According to studies by the U.S. Department of Energy, the all-in cost of a home solar panel system is between \$2.74 to \$3.30 per watt. <sup>1,2,12</sup> This figure includes the solar panels, the installation, and other expenses. Using these numbers, an average-sized 8-kilowatt residential solar system would cost between \$21,900 – \$26,400.

How much does a solar PV system cost?

The average cost of BOS and installation for PV systems is in the range of USD 1.6 to USD 1.85/W, depending on whether the PV system is ground-mounted or rooftop, and whether it has a tracking system (Bony, 2010 and Photon, 2011). The LCOE of PV systems is therefore highly dependent on BOS and installation costs, which include:

How much does it cost to install and manage solar panels?

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How much do solar panels cost?

Solar panels themselves usually cost between \$0.70 to \$1.50 per watt, depending on their efficiency and brand. For an average 6kW system, expect to spend \$4,200-\$9,000 on panels alone. Inverters are another significant component, ranging from \$1,000 to \$2,500 for string inverters, or \$150-\$200 per microinverter.

How is the cost of a solar system determined?

The cost of the electricity generated by a PV system is determined by the capital cost (CAPEX), the discount rate, the variable costs (OPEX), the level of solar irradiation and the efficiency of the solar cells.

How do I budget for solar panels?

When budgeting for installation, remember to factor in potential costs for electrical system upgrades or roof repairs, which might be necessary before installation can begin. Solar panels are remarkably low-maintenance, which is great news for homeowners. The main maintenance requirement is regular cleaning to ensure optimal performance.

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## Contact Us

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