

Percentage of component costs in solar projects



Overview

Why do solar panels cost so much?

As the size of a solar array increases, photovoltaic modules represent a higher percentage of total costs, while the percentage of soft costs decreases. This is also why large projects are more sensitive to solar module prices, and more dependent on low-cost imports from overseas.

How much does a solar system cost?

Here is a breakdown of average costs from a study that National Renewable Energy Laboratory (NREL) conducted. Based on this study the average cost of a residential solar system was \$3.09 per watt in 2015 in the US.

What is included in the quoted price of a solar power system?

The quoted price of a solar power system also includes soft costs that are not evident when looking at a completed installation: permitting, inspections, grid interconnection, taxes, transportation, land acquisition, design work, skilled labor, customer acquisition, overhead, profit margins, etc.

Why should you break down the cost of a solar power system?

Breaking down the cost of a solar power system helps you see where your money goes and how it all adds up. Whether you're considering solar for its environmental benefits or the potential to cut energy bills, knowing the financial details upfront makes the decision process much easier.

Do solar power projects have economies of scale?

When comparing solar power projects, economies of scale are evident. As the size of solar projects increases, their cost per watt decreases significantly. This is reflected in the average prices from most recent NREL technical report:.

How much does a 50 kW solar system cost?

Federal tax credits can reduce upfront costs by up to 30%. Commercial systems often start at 25 kW and can exceed 250 kW. A 50 kW system costs \$120,000-\$200,000 before incentives, with larger projects reaching \$500,000-\$1,000,000.

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