



August, 2011

To Our Valued Mercury Solar Systems Customers:

Recently, falling prices in the New Jersey SREC market have created some unease among our customers. We thought it important to reach out and let you know some of the essential facts about the New Jersey SREC market that you should keep in mind.

The New Jersey SREC market was created by the state to encourage private investors to purchase solar systems and reduce the New Jersey's dependence on fossil fuels. It is a long term plan with a stated goal of installing up 4,430 MW of solar generation capacity by the year 2026. Each year, the state sets a target number of SRECs the utilities must purchase and customers like you respond to the incentive by purchasing a solar system. Over the past few months, significant new solar generation capacity was added to the New Jersey electric grid. In June, 40 MW of new projects came on line. The new capacity added by these projects means that the supply of SRECs started to come close to the amount required to meet the buyers' demand for SRECs. This is the first time in the SREC program's history that supply and demand has reached equilibrium. As such, the market place has responded by placing downward pressure on the price of SRECs. Currently, SRECs for the 2011-2012 energy year are hovering around \$275/SREC.

There are several actions ongoing within the market and the state level that will affect the future price of SRECS. The first of these is simply the law of supply and demand. Lower SREC prices means that many projects in the planning phase may never get built since the return for investors will be lower than expected. Yet the demand for SRECs goes up every year. As demand for SRECs goes up prices should eventually stabilize. Second, there is [legislation pending](#) (SB2371) that may eliminate the threat of SREC oversupply by accelerating the annual increase in the utilities required SREC purchases.

Whatever happens in the marketplace, it is important to remember the excellent investment that a solar energy system offers. Even if SRECs fall to zero, the return on investment offered by electricity savings alone is around 10%. Compare this to a bank CD paying annual interest at 2% or the stock market's return over the past 10 years. It is hard to find such a good return on investment that a solar system can generate with such little risk. Moreover, properties with solar are worth more, generally around 10-20% of the annual energy savings. So a solar energy system that saves a homeowner \$2,000 per year in electricity cost may increase the home's value by \$20,000 over the same house without solar.

We encourage our customers to stay informed on SREC market developments by reading the latest news on such well established platforms like SRECTrade ([www.srectrade.com](http://www.srectrade.com)). Moreover, keep in mind that solar is a long-term investment. Short term market instability should be expected. However, panic is never a good response. Keep in mind that the energy savings are permanent, the returns are excellent, your property is worth more and you're doing your part to help the environment.

On behalf of the entire Mercury Solar Systems Family, thank you for your business and we hope you will share the good news about solar with your friends and family. Our excellent referral program means \$500 to you for every new customer you refer to us. Call us today at 1-877-6-GETSUN or email us at [allinsidesales@mercurysolarsystems.com](mailto:allinsidesales@mercurysolarsystems.com)

Sincerely,

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