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*Electricity where the sun shines*

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## Solar Community Systems

### Explanation for village authorities about various types of agreements with Sunlabob

#### Two types of SCS

Energy systems powered by the sun can be also used for community purposes. There are two types of community systems:

- a) Public systems: Systems that are to the benefit of all people living in the community. For instance systems that power the schoolhouse or the health post. Everybody in the community helps pay for these systems.
- b) Productive systems: Systems that are used by groups of people to produce something, which is for the benefit of all people in the group. For instance a solar pumping system for irrigating vegetable fields. Only those people who directly benefit from the production help pay for these systems.

The following explanations are for both types of solar community systems.

#### The costs of running a solar community system

For financing solar systems we must think of the following types of costs. It does not matter who pays, they are always these same types of costs:

- The cost for buying the materials and installing them correctly.
- The cost of paying interest for the money that was used to buy the materials and installing them. This money also has to be paid back to whoever provided it, except if it is a grant.
- The cost for servicing and repairing the system while it is running
- The cost for replacing various materials when they are old.

A community must consider all these costs if it buys a system. When the community rents a system, the rent covers all these costs.

## Rent

In this solution the community rents a fully functioning solar community system from Sunlabob for a fixed rent.

This means:

- Sunlabob buys the equipment and installs it. The system remains the ownership of Sunlabob.
- Sunlabob pays the interest for all the money that was needed to buy the system
- Sunlabob pays all the costs for servicing
- Sunlabob pays all the replacements
- Sunlabob calculates how high the fixed rent must be, so that it can pay all these costs. This rent is then paid by the community regularly.
- The community only pays rent when the system is actually functioning. If there is a technical problem and the system does not work, Sunlabob wants to repair it as fast as possible, or else Sunlabob loses the rents.
- The community does not need to take a credit.
- The community can anytime hand back the system in case electricity from the grid reaches the village.
- Training to the village energy committee is included in this package.

## Buy

This solution is the opposite: The community finds a source of credit to pay Sunlabob, so that Sunlabob can buy the equipment and install the solar community system.

This means:

- The community owns the system
- The community must make sure it can pay for the interests for the credit and also make sure it can pay back. This paying back of interest and credit continues even if the system does not work because of some technical problem.
- The community must make sure it collects enough money to pay Sunlabob for servicing and repairs.
- The community must save enough money to buy replacements for components of the system when they become too old.
- When electricity from the grid reaches the village, the community must find a buyer for the system.
- Training to the village energy committee is NOT included in this package...

## Service rent.

This solution is in between: The community first finds a credit or a grant to buy a system from Sunlabob. Then the community enters into an agreement with Sunlabob that gives the system into the caretaking of Sunlabob. Fixed service payments allow Sunlabob to guarantee full operations of the system over a long period of time.

This means:

- The system belongs to the community.
- Sunlabob takes care of the system like it is a rental system, ie. repairs, servicing, replacements etc. are all taken care of by Sunlabob, and the community pays for this through the fixed service rent.
- This service rent is lower than the normal rent, because the cost of the equipment and installation is not part of it.

- The functioning of the system is guaranteed permanently, because repairs and replacements can be made whenever required. The worth of the system is maintained.
- When the system does not work, the community does not pay the service rent, because this is the duty of Sunlabob to ensure.
- The community cannot hand back the system, because it belongs to the community. It must find another buyer...
- Training to the village energy committee is included in this package.