



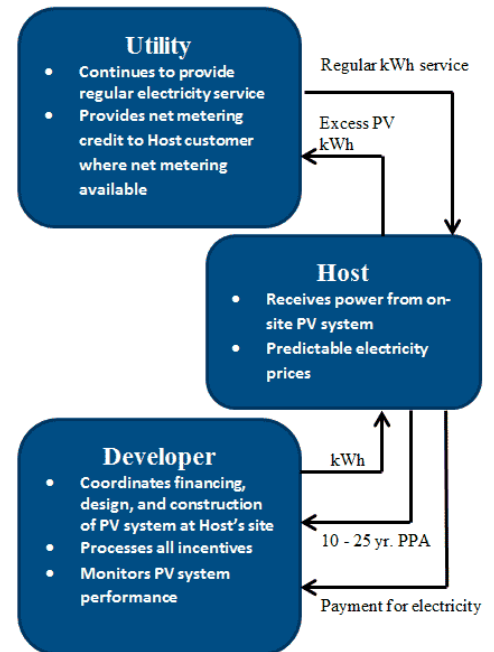
Power Purchase Agreements

What is it?

A legal contract between a property owner (host) and a third party whereby the third party finances the up-front costs of installation and maintenance of a solar system on the host's property in exchange for ownership of system and certain incentives for a period of up to twenty-five years.

The Host:

- Pays for energy produced by system to third party for duration of contract, ideally at lower price than offered by local utility or alternate retail energy supplier
- Receives any excess energy credits from utility
- May choose to buy system from third party at various times prior to end of contract, extend contract, or remove system



Source: SEIA

The Third Party:

- Pays for design, installation, maintenance, and insurance
- Sells energy produced by system to host for duration of contract
- Retains federal tax and depreciation benefits
- Retains state solar incentives

Sources:

<http://www.cleanenergyauthority.com/solar-energy-resources/power-purchase-agreements/>
<https://www.seia.org/research-resources/solar-power-purchase-agreements>
<https://www.epa.gov/greenpower/solar-power-purchase-agreements>