



Equipment and Project Financing

Power Purchase Agreement (PPA)

A Power Purchase Agreement is a great way for a company or non-profit organization to pay a controlled rate for power over a 20 or 25 year period. In many cases, the PPA electric rate is significantly lower compared to the utility rate for the same energy. The company (client), also known as an offtaker or host, only pays for the power they use as long as they meet a predetermined minimum. The PPA can be of specific benefit to entities which do not qualify for the investment tax credit like non-profit groups because the lender shares the tax credit and depreciation savings in the form of a lower electricity rate.

PPA benefits include:

- Lower costs with a structured PPA compared to utility rates
- Tax credit and depreciation benefits otherwise not available
- Extended 20- or 25-year terms with early buyout options
- No upfront capital costs
- All install, hardware and maintenance costs included in the PPA rate
- Annual escalation usually lower than utility rate increases
- Enhances property resale value

Without a PPA, non-profits cannot benefit from the tax credit (ITC and depreciation) unless the Provider (a Special Purpose Entity) establishes and maintains the solar system and supplies power only to the user as a service. The SPE then takes the tax incentives and applies it to the project to make the energy system more cost effective. This is a great long-term option to a loan program.

We can preview a projection with only the Prequalification Form completed.

Complete financial package required for a PPA:

1. Completed Credit Application with ALL owner(s) information & signatures
2. Completed Project and Finance Prequalification Form and Developer Proposal
3. 3 current months business bank statements (all pages)
4. 3 current years Corp Tax Returns (with schedules). If audited, no tax returns needed.
5. 3 current years Personal Federal Tax Returns for ALL owners (with schedules).
6. 3 current year's Profit & Loss Statements and Balance Sheets with Interim Statements
7. Current Personal Financial Statements for ALL owners. Only closely held company.
8. Current Debt Schedule

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