

Financing a Clean Energy System



	BUY	LEASE	POWER PURCHASING AGREEMENT (PPA)
OVERVIEW	Purchasing a renewable energy system from an approved contractor or manufacturer means paying for it up front or financing your purchase through a bank loan, home equity or a property assessed loan (PACE). You own the entire solar energy system, which most manufacturers guarantee for up to 25 years.	Leasing allows you to “rent” the renewable energy system for a set period of time. Generally, you pay a fixed monthly rate no matter how much energy the system produces each month.	Similar to leasing, a third party owns and maintains the renewable energy system on your behalf. You agree to pay for the electricity generated at a rate per kilowatt-hour (kWh) specified in your agreement.
BENEFITS	<ul style="list-style-type: none"> • Lower monthly electricity bills • Greater return on investment • Increased home value • Minimum 10-year warranty • Possible 30 percent federal investment tax credit and other deductions 	<ul style="list-style-type: none"> • Lower monthly electricity bills • No large, upfront financial investment • Typically no costs for system operations, monitoring and maintenance • Fixed monthly rate regardless of how much electricity produced • Usually break even or save money in the first year • Generally provide performance guarantees 	<ul style="list-style-type: none"> • Lower monthly electricity bills • No large, upfront financial investment • Typically no costs for system operations, monitoring and maintenance • Fixed rate per kilowatt-hour (kWh) produced • Usually break even or save money in the first year • Generally provide performance guarantees
ADDITIONAL COSTS	<ul style="list-style-type: none"> • Expensive components like the inverter may need to be replaced after warranty • Extended service agreement for maintenance, repairs and insurance 	The monthly price of your lease may escalate over time	Rates per kWh or energy usually escalate over time
RISKS	<ul style="list-style-type: none"> • You are responsible for maintenance costs • A performance monitoring system may be necessary as an add-on service to maximize energy production 	<ul style="list-style-type: none"> • If lease provider goes out of business it may cease to provide contracted operations and maintenance • Check for purchase (buyout) options in your contract 	<ul style="list-style-type: none"> • If lease provider goes out of business it may cease to provide contracted operations and maintenance • PPAs usually include long-term commitments of over 25 years • Check for purchase (buyout) options in your contract
ADVICE	You may be able to finance your purchase of a solar or renewable energy system by taking a home equity loan, secure line of credit or through PACE financing, which is often eligible for tax deductions. Be sure to speak with your tax advisor about the implications before your purchase.	Agreements are long term, and specific fees may rise over time. Be sure to understand any changes in your monthly rate over the lifetime of the solar lease agreement, and ask about purchase options. Prepaid leases may also help reduce your monthly payments.	Agreements are long-term, and specific fees may rise over time. Be sure to understand any fluctuations in the price per kWh rate over the lifetime of the PPA contract, and ask about purchase options