



conductor[™]
solar

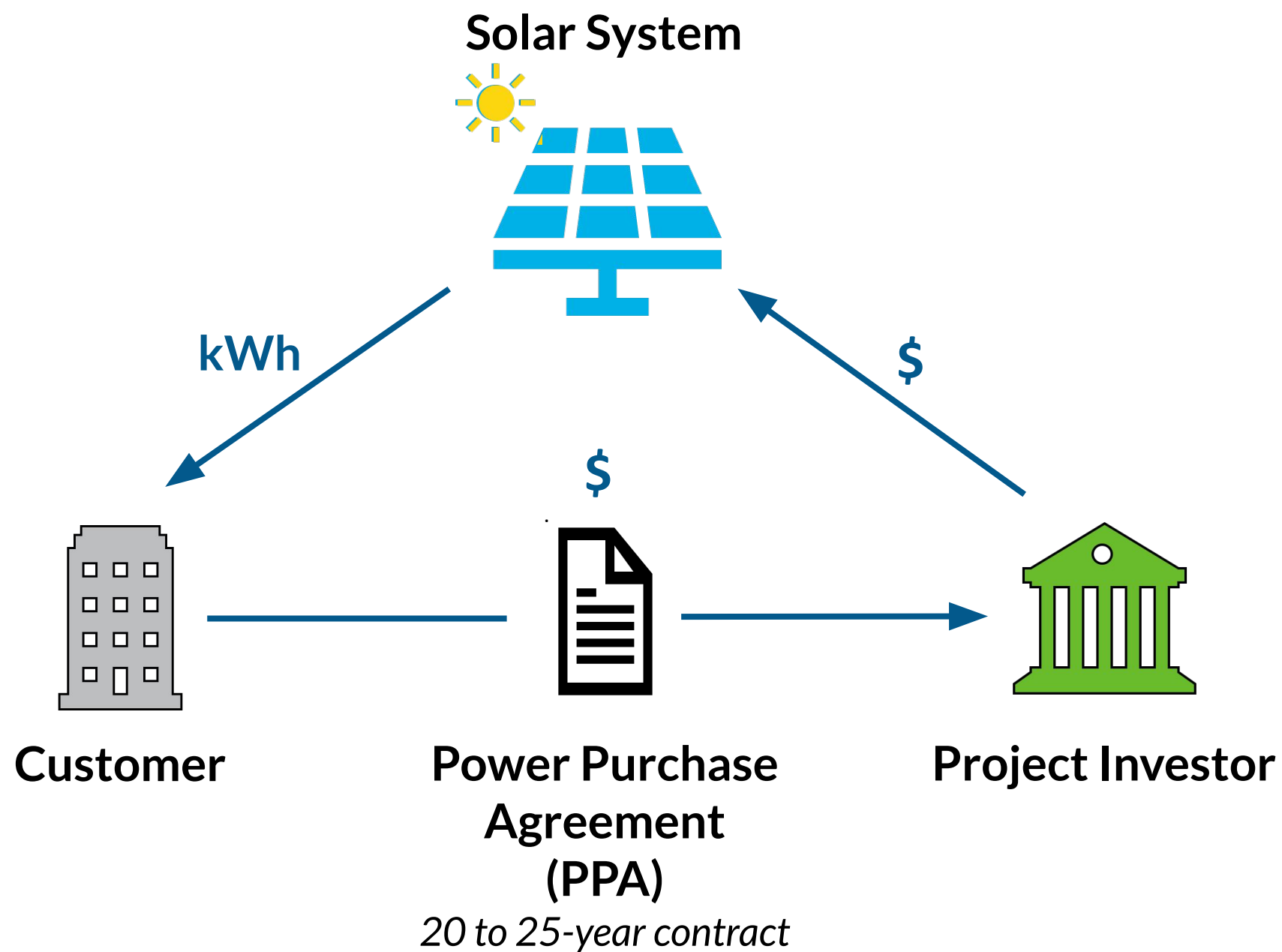
Power Purchase Agreements (PPAs)



What are Power Purchase Agreements?



PPAs Enable Third-Party Ownership of Projects



- **A solar PPA is similar to how a customer buys electricity from their utility**
Customer pays for electricity generated (kWh); typically invoiced monthly
- **Customer pays \$0 upfront for solar and their power rate for solar is lower than their utility bill**
- **A third party project investor owns the solar PV system and receives all tax and cash incentives associated with the system**
- **PPAs often work well for commercial projects**
Some organizations lack funds, technical expertise to manage solar, and/or cannot monetize the tax benefits



When are PPAs the Right Choice for Customers?

Category	PPA	Cash Purchase
Common Deciding Factors	<ul style="list-style-type: none"> • No upfront costs • Off-balance sheet contract • Inability to monetize the tax benefits, including the federal Investment Tax Credit (ITC) and depreciation • Lack of available internal funding • Lack of desire to operate and maintain a PV system • Fixes a portion of the power costs for 20-25 years 	<ul style="list-style-type: none"> • Poor corporate credit (unable to finance via a PPA) • Large tax liability • Disdain for long-term contracts (20-25 years) • Staff on-hand to manage and operate solar systems
System Owner	<ul style="list-style-type: none"> • Third-party investor 	<ul style="list-style-type: none"> • Customer
Primary Customer Obligations	<ul style="list-style-type: none"> • Provide access to site(s) for owner • Pay monthly invoices for power generated by system 	<ul style="list-style-type: none"> • Insure, operate, and maintain site(s) • Coordinate repairs or warranty claims, as needed • Manage SREC reporting and payments



PPA Process Walkthrough



Solar PPA Project Lifecycle



Variable	1-9 Months	2-4 Months	1-6 Months	20+ Years
<ul style="list-style-type: none"> • Developer provides preliminary system design • Customer agrees to high-level PPA terms 	<ul style="list-style-type: none"> • Developer engineers the project, applies for permitting and interconnection • Developer agrees to project budget and financing terms 	<ul style="list-style-type: none"> • Investor reviews documentation and works to approve all diligence items • Investor assumes ownership of the project (closing) and provides Notice to Proceed (NTP) 	<ul style="list-style-type: none"> • Investor makes milestone payments to fund construction • EPC procures equipment and installs the system 	<ul style="list-style-type: none"> • Investor operates and maintains the system • Customer purchases power produced and delivered by the system • In some cases, the developer or EPC will provide operation and maintenance service



Origination



Development

Financing

Construction

Operations

Variable
<ul style="list-style-type: none">• Developer provides preliminary system design• Customer agrees to high-level PPA terms

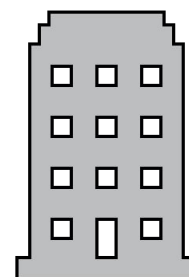
Solar Developer



Key Deliverables:

- Preliminary system design
- PPA price estimate or price quote
- PPA term sheet

Solar Customer



Key Deliverables:

Credit history and financial position, ideally including three years of audited financial statements



Development

Origination

Development

Financing

Construction

Operations

1-9 Months

- Developer engineers the project, applies for permitting and interconnection
- Developer agrees to project budget and financing terms

Solar Developer



Key Deliverables:

- System engineering
- Interconnection application with utility
- Permit applications with municipality / Authority Having Jurisdiction (AHJ)
- Environmental studies as needed, particularly for ground mount projects



Financing

Origination

Development



Construction

Operations

1-4 Months

- Investor reviews documentation and works to approve all diligence items
- Investor assumes ownership of the project (closing) and provides Notice to Proceed (NTP)

Solar Developer



Key Deliverables:

- Customer financials
- Production estimates
- Design and testing / analysis documents
- Interconnection approval
- Permitting approvals
- System engineering

Project Investor



Key Deliverables:

- PPA
- EPC Agreement
- System purchase documents



Construction

Origination

Development

Financing



Operations

1-6 Months

- Investor makes milestone payments to fund construction
- EPC procures equipment and installs the system

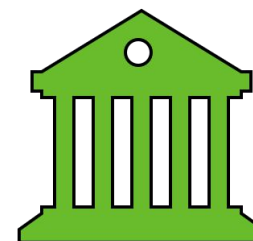
EPC



Key Deliverables:

- System installation
- System performance testing

Project Investor



Key Deliverables:

Milestone payments



Operations

Origination

Development

Financing

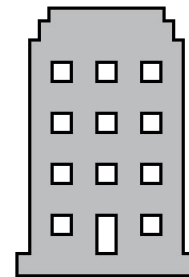
Construction



20+ Years

- Investor operates and maintains the system
- Customer purchases power produced and delivered by the system
- In some cases, the developer or EPC will provide operation and maintenance service

Solar Customer



Key Deliverables: Payment to investor for power delivered

Developer / EPC



Key Deliverables: Warranty support and sometimes ongoing maintenance

Project Investor



Key Deliverables: Invoices to customer for power produced