

## WHAT ARE SOLAR PPA's?

Power Purchase Agreements (PPA's) are an alternative way for businesses to get access to solar power. There generally are two types of PPA's:

### 1. SHORT TERM

An alternative method to purchase with finance, with longer terms of 10 to 15 years.

### 2. LONG TERM (ASSET MANAGEMENT)

Never owning the solar PV system, getting a portion of the of the solar savings for a much longer term.

## WHY CONSIDER A LONG-TERM PPA

There are diverse reasons to consider using a long-term PPA, versus purchasing solar outright.

- ✓ **1. OFF BALANCE SHEET**  
 This helps companies keep their debt-to-equity and leverage ratios low. Keeping borrowing costs lower, and preventing covenants from being breached.
- ✓ **2. NOT CORE BUSINESS EXPERTISE**  
 Most businesses, big and small, don't have the expertise to procure solar PV wisely (and effectively maintain it over its lifetime).
- ✓ **3. LONG TERM BUDGET CERTAINTY**  
 Know the majority of your power costs for the long-term.
- ✓ **4. LOW RISK - AVOID SOLAR INDUSTRY TRAPS**  
 Gaining the benefits of solar without exposure to pitfalls.

## SOLAR INDUSTRY TRAPS

Australia has a global reputation for buying cheap, poor quality and inferior solar. A long-term solar PPA is one way to lessen a business' potential exposure to poor quality and underperforming solar.

Many Australian businesses have purchased solar over the last decade that has:

- i) Started to underperform after only a few years
- ii) Broken down because panels weren't suitable for an extreme environment
- iii) Needed payment for repairs and replacements because panel manufacturers didn't cover the full cost and the original installer had closed their doors
- iv) Ended its effective life at around 8 to 12 years, when they were told it would last 25+.

IMAGE 1

## LONG-TERM SOLAR PPA SAVINGS BREAKDOWN

