

# Solar Finance Options

Joining in the Solar Revolution!



What is your primary motive?

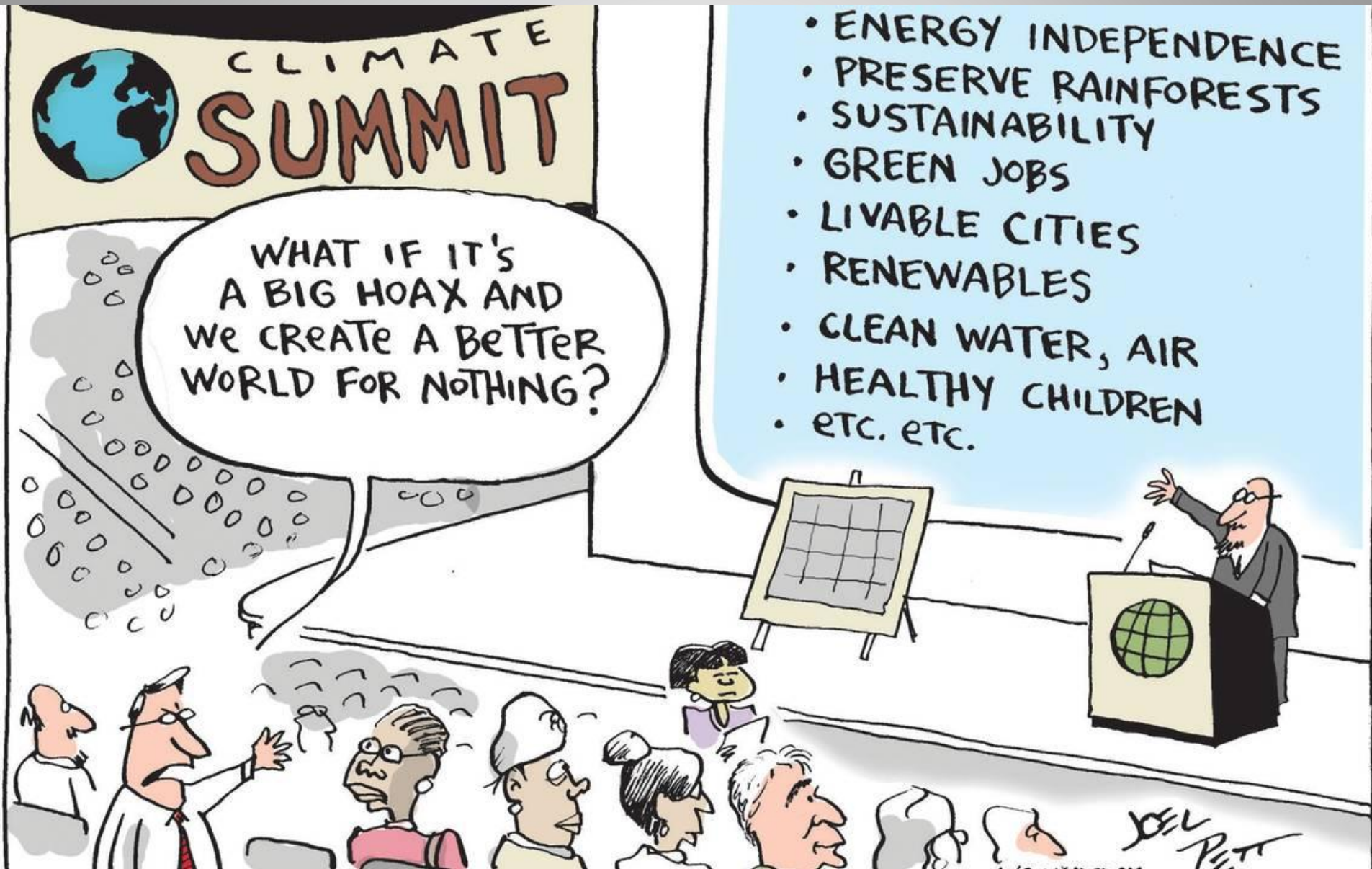
# Solar Finance Options

- Save the Earth

- Save Money

- ---

# Earth?



# Money?





# Maybe Both?



# A Power Purchase Agreement can achieve both

## **Benefits of a PPA to building owners:**

- No (or low) upfront capital costs
- Limited risk
- Better leverage of available tax credits
- Potential increase in property value
- Stabilized electric bill
- Reduced energy costs

# Power Purchase Agreements

Let's get started

Owner – host

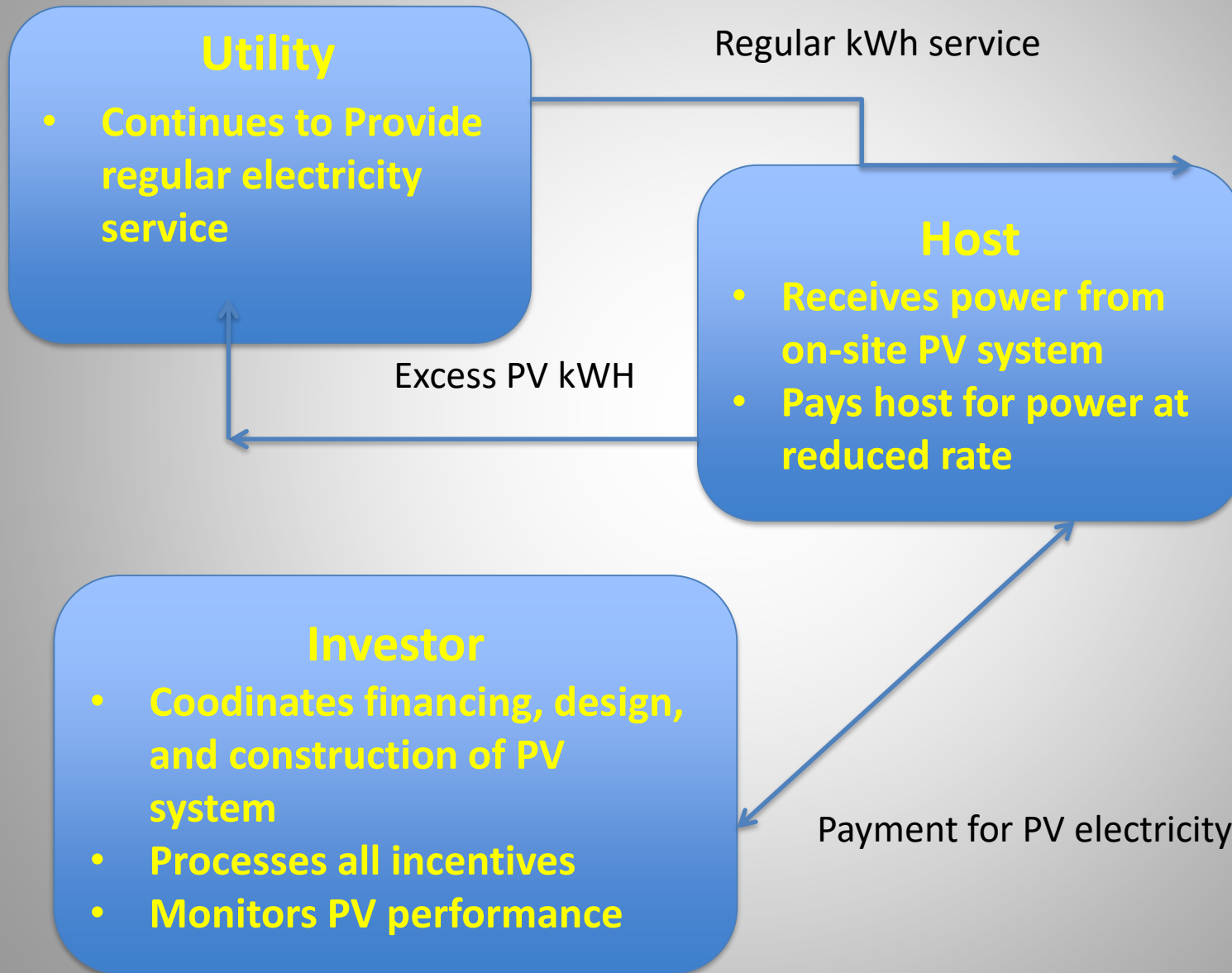
- Size the right system
- Find the right investor team
- Purchase energy from investor

# PPA Basics

Investor:

- Assumes all (or most) upfront costs
- Takes all financial incentives
- Sets timeframe for contract term
- Removes risk from host





# PPA Variants and limits

- Term – Length of Time
- Rate of kWh produced
- Escalators
- Limits

Example:

10 year	.09 kWh
15 year	.10.5 kWh
20 year	.11 kWh

# Sample Project

Assumes annual consumption of kWh

20 Kilowatts @ \$2.20/Watt	\$44,000	
Up Charge (Soft Costs)10%	4,400	
		Percent Return
Total Cost	\$48,400	
Investor Member 30% ITC	\$14,420	30%
Remaining Basis for Depreciation	\$33,880	
Depreciation Top Tax Bracket @ avg. 26%	\$8,809	19%
Total Tax Benefit	\$23,329	49%
Annual host payment Years 1 Through 8	\$2,920	
Host payment to Investor at .09 kWh	\$2,389	
Net Present Value 8 Year Term	\$25,071=	

# Maximum Project

Assumes annual consumption of 500,000 + kWh

150 Kilowatts @ \$2.00/Watt	150	\$300,000	
Up Charge (Soft Costs)10%		\$30,000	
			Percent Return
Total Cost		\$330,000	
Investor Member 30% ITC		\$90,000	30%
Remaining Basis for Depreciation		\$240,000	
Depreciation Top Tax Bracket @ avg. 26%		\$62,400	19%
Total Tax Benefit		\$152,400	49%
Annual host payment Years 1 Through 10		\$17,928	
Cumulative Return Years 1 Through 10		\$179,280	54%
			103%
Net Present Value 10 Year Term		\$147,600	

# Final Thoughts

Quick, cheap, good – pick two

Other options

- Group investors form church PPA
- Bank Financing
- Fundraising

Q&A

Thank You!

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