

THE BACKGROUND OF PPAs

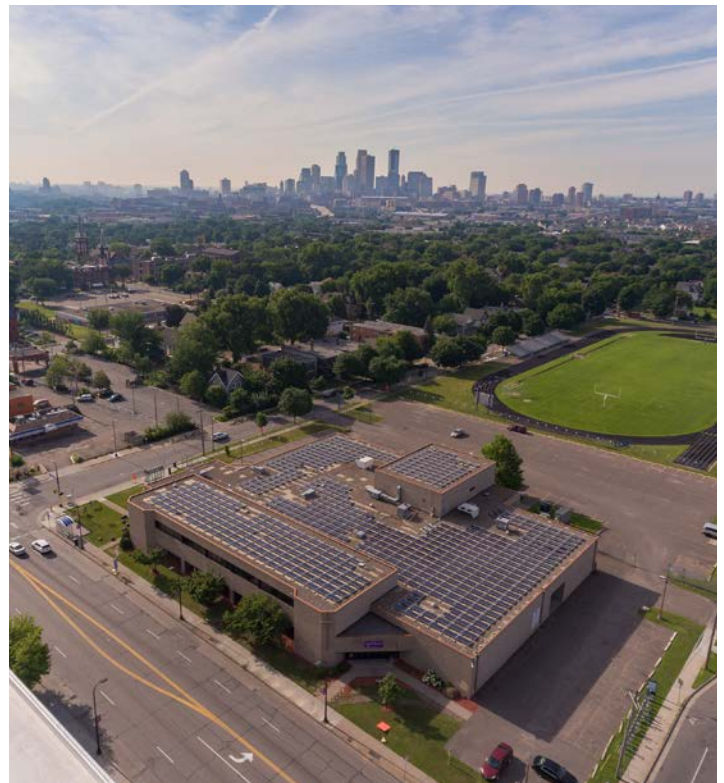
A PPA is a financial mechanism that allows organizations to realize the benefits of on-site solar energy, without upfront costs or risks of ownership. Under a PPA, the owner or solar developer covers the design, financing, permitting, installation, and maintenance of the array. Customers purchase the power generated by the array at a lower rate than what their utility charges, offsetting their energy costs for an agreed upon term. After the term is over, customers can choose to remove the array or purchase it from the developer.

CASHFLOW POSITIVE

Since PPA's can range from 10 to 30 years, significant energy savings are possible, and can produce a substantial impact on your bottom line. Energy savings under a PPA start as soon as the system is operational, so with no upfront cost, the transition to solar energy is cash flow positive from day one. Additionally, customers can choose to 'buy down' the PPA rate by making an upfront payment.

MAJOR BENEFITS

- **No upfront costs:** The system owner bears the responsibility of costs associated with designing, procuring, and installing the array. Customers can transition to solar energy and immediately save on energy costs upon completion of the array.
- **No maintenance:** The system owner is responsible for the operation, monitoring, & maintenance of the array throughout the duration of the PPA, not the customer.
- **Predictable, reduced energy costs:** Energy rates are defined for the entire PPA term at a discount to the utility's rate. Solar's steady rate protects customers from rising energy prices, typically increasing by 2% - 5% each year, according to the Solar Energy Industries Association (SEIA).
- **Better leveraged tax credits:** Financial incentives such as the federal investment tax credit (ITC) are not available for organizations without taxable income. As a developer, IPS is better positioned to leverage available incentives to reduce the system's overall costs.
- **Low risk:** Any problems with the system are the responsibility of the owner, not the customer. The risks of ownership are assumed by the solar developer and the solar developer is incentivized by return on investment to hit production targets.



Is your organization evaluating ways to finance your solar project?
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