



Solar PV system leasing and PV power purchasing agreements (PPAs)

Summary of article by Zoya Sheftalovitch - Choice

While a solar photovoltaic (PV) system can alleviate at least some of the pressure of energy bills and will pay for itself eventually, the up-front installation costs can be a barrier.

For those who can't afford the several thousand dollar outlay, other options are now available: solar leasing and solar PV power purchasing agreements (PPAs).

- Solar leasing: It's essentially a month-to-month payment plan for a solar PV system. a supplier installs a solar PV system on your home, and you make monthly repayments (with interest) on the system for a period of time, commonly five to 10 years.
 - The supplier is generally responsible for the maintenance of the system.
 - System will eventually become more expensive than if you'd paid for it up front.
 - Uptake of solar leasing has so far been low in Australia compared to some other markets.
- Power purchasing agreements (PPA): an agreement where a solar company pays for the installation of a PV system for your home or business and then sells you the power it generates at a cheaper rate than what you'd pay your energy retailer.
 - The company is effectively leasing your roof space for a set contractual period of time, so they retain ownership of the system and the responsibility for any maintenance costs.
 - Offers aimed at commercial customers.
 - PPAs are very new to the Australian market and the regulatory structure for these types of agreements has only been settled on within the past few months
 - There are usually conditions attached to the PPA agreement such as a minimum duration, or an agreement to purchase a minimum amount of electricity per month at a price set out in your contract.
 - There are generally no up-front costs for a PPA and most of the deals are long-term
 - And if you need to end your solar leasing or PPV contract early, there's a good chance you'll have to pay a penalty.
 - There are fewer consumer rights in case you get into financial difficulty with PPA deals.
 - People need to look into the terms and conditions to see what happens when the PPA ends.

Solar leasing and PPAs do offer some benefits over ownership of a solar PV system:

- Very low or no up-front costs for the installation of the PV system.
- You won't be responsible for the cost of maintaining the system.
- With solar leasing, you'll save money on your energy bills and the savings should occur quickly, if not immediately.
- With a PPA, the rate you'll pay per kWh of energy will be lower than with a traditional energy provider, and you'll be insulated from potential price rises over the term of the contract.

Source: <http://www.choice.com.au/reviews-and-tests/household/energy-and-water/solar/solar-options-solar-power-purchase-agreements-ppas.aspx>

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