Powering West Virginia’s energy freedom with Power Purchase Agreements

Power Purchase Agreements (PPAs) are a widely available method to finance distributed energy generation projects. They are legal in at least 26 states, including Virginia, Ohio, Pennsylvania, Maryland, and Georgia, but are **NOT** currently available in West Virginia. This document explains why making PPAs legal will benefit West Virginia.

How do Power Purchase Agreements work?
- Tax-paying third-party developer installs, owns, and operates a distributed energy system on a customer’s property
- Customer purchases the system’s electric output at a fixed rate – generally lower than that of the local electric utility – for a predetermined time period, usually 15-25 years
- Eligible energy resources include but are not limited to solar, wind, run-of-river hydropower, geothermal, biomass, natural gas, and combined heat and power (CHP)

Who can utilize a PPA?
- Commercial businesses and manufacturers (**57% of all installed non-residential U.S. solar capacity in 2017 was third-party owned.**)
- Municipalities and governments
- Tax-exempt entities like schools, churches, hospitals, and nonprofits (**Nearly 90% of all solar installed on American schools since 2014 has been financed via PPAs.**)
- Farms
- Homeowners

How do PPAs benefit customers?
- PPAs allow customers to benefit from distributed energy with low to zero upfront cost while enabling electric bill savings from day one
- PPAs allow customers to lock in their energy rates, so they can stabilize monthly budget expenditures and protect themselves against utility rate increases (**West Virginia had the fastest growth rate in electricity prices in the nation between 2008 and 2017.**)
- PPAs allow tax-exempt customers to benefit from tax credits through the project’s developer

How can PPAs benefit West Virginia?
- Broaden access to affordable energy (**States that allow third-party PPAs account for 93% of the increase in American solar capacity since 2015.**)
- Expand economic development (**More than 800,000 American workers are employed in renewable energy industries.**)
- Create good local jobs in rapidly growing energy sectors (**Solar PV installer and wind turbine technician are the #1 and #2 fastest-growing occupations in the nation.**)
- Attract employers to locate and invest in West Virginia (**More than 150 major global corporations have made corporate commitments to use 100% renewable energy.**)

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1 Source: [Solar Energy Industries Association](https://bit.ly/2Sh3Hkm)
2 Source: [Solar Builder Magazine](https://bit.ly/2Q3bCW3)
3 Source: [WVU College of Business and Economics Bureau of Business & Economic Research](https://bit.ly/2UcRMWv)
7 Source: [Re100](https://bit.ly/1KpYywO)