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 28 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.)

7 Source: Re100 - https://bit.ly/1KpFywO